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As filed with the Securities and Exchange Commission on August 10, 2009

Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-1
REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

Fortinet, Inc.

(Exact name of Registrant as specified in its charter)

Delaware	**3577**	**77-0560389**
(State or other jurisdiction of incorporation or organization)	**(Primary Standard Industrial Classification Code Number)**	**(I.R.S. Employer Identification Number)**

1090 Kifer Road
Sunnyvale, California 94086
408-235-7700

(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

John Whittle
Vice President and General Counsel
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Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, check the following box. ☐

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price[(1)(2)]	Amount of Registration Fee
Common Stock, $0.001 par value	$100,000,000	$ 5,580

(1) Estimated solely for the purpose of computing the amount of the registration fee pursuant to Rule 457 under the Securities Act of 1933, as amended.
(2) Includes shares the underwriters have the option to purchase to cover over-allotments, if any.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission acting pursuant to said Section 8(a) may determine.

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and we are not soliciting offers to buy these securities in any state where the offer or sale is not permitted.

PROSPECTUS (Subject to Completion)
Issued August 10, 2009

Shares

COMMON STOCK

Fortinet, Inc. is offering shares of its common stock and the selling stockholders are offering shares of common stock. We will not receive any proceeds from the sale of shares by the selling stockholders. This is our initial public offering and no public market exists for our shares. We anticipate that the initial public offering price will be between $ and $ per share.

We have applied to have our common stock listed on the under the symbol " ."

Investing in our common stock involves risks. See "Risk Factors" beginning on page 10.

PRICE $ A SHARE

	Price to Public	Underwriting Discounts and Commissions	Proceeds to Fortinet	Proceeds to Selling Stockholders
Per share	*$*	*$*	*$*	*$*
Total	*$*	*$*	*$*	*$*

We and the selling stockholders have granted the underwriters the right to purchase up to an additional shares of common stock to cover over-allotments.

The Securities and Exchange Commission and state securities regulators have not approved or disapproved these securities, or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the shares of common stock to purchasers on , 2009.

MORGAN STANLEY

J.P. MORGAN

DEUTSCHE BANK SECURITIES

ROBERT W. BAIRD & CO. *RBC CAPITAL MARKETS* *THINKEQUITY LLC*

JMP SECURITIES *SIGNAL HILL*

, 2009

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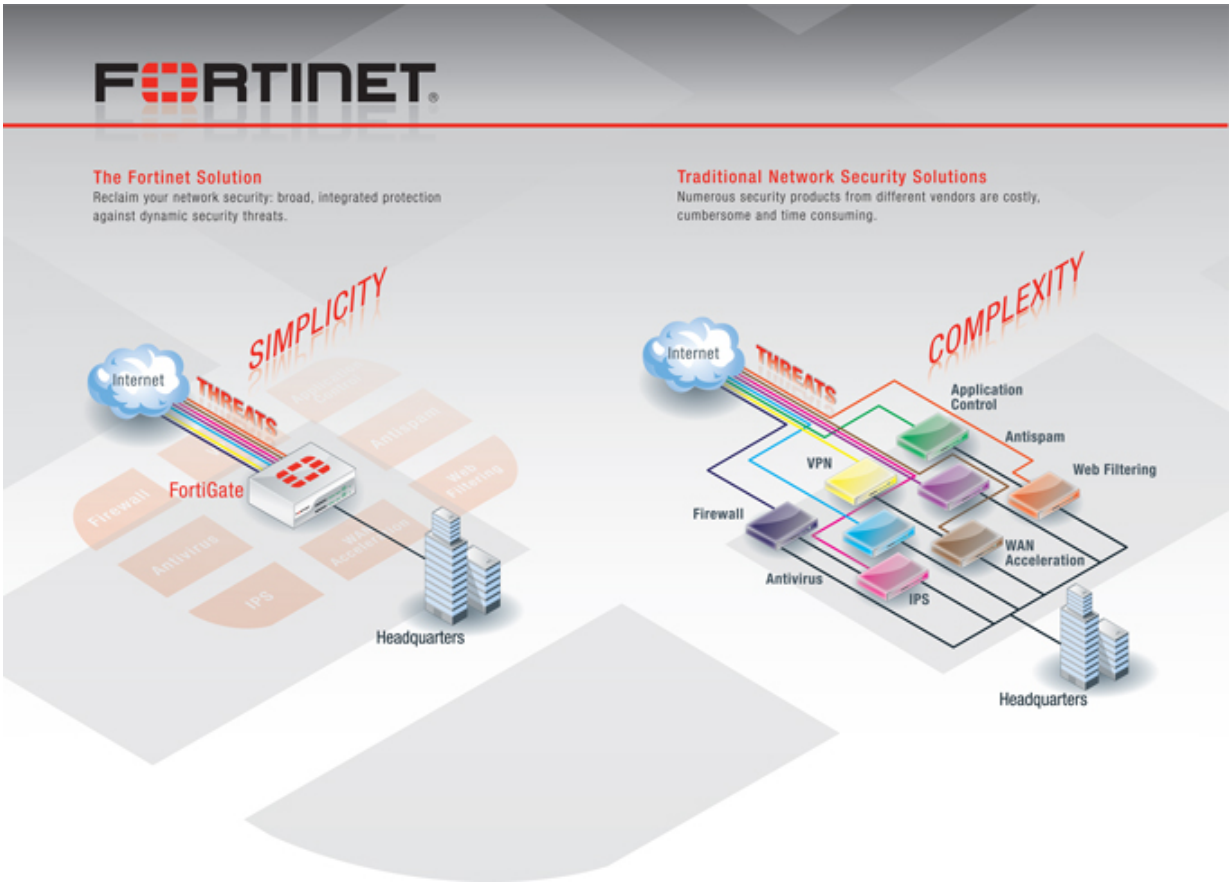

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You should rely only on the information contained in this prospectus and in any free writing prospectus. We, the underwriters and the selling stockholders have not authorized anyone to provide you with information different from that contained in this prospectus. We, the underwriters and the selling stockholders are offering to sell, and seeking offers to buy, shares of our common stock only in jurisdictions where offers and sales are permitted. The information in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or any sale of shares of our common stock.

Until , 2009 (25 days after the commencement of this offering), all dealers that buy, sell or trade shares of our common stock, whether or not participating in this offering, may be required to deliver a prospectus. This delivery requirement is in addition to the obligation of dealers to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

For investors outside of the United States, neither we, the selling stockholders nor any of the underwriters have done anything that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required. Persons outside the United States who come into possession of this prospectus must inform themselves about, and observe any restrictions relating to, the offering of the shares of common stock and the distribution of this prospectus outside of the United States.

Fortinet, FortiAnalyzer, FortiASIC, FortiClient, FortiGate, FortiGuard, FortiMail, FortiManager and FortiWiFi are trademarks of Fortinet, Inc. in the United States and other countries. This prospectus also includes other trademarks of Fortinet and trademarks of other persons.

This prospectus also contains statistical data and estimates, including those relating to market size and growth rates of the markets in which we participate, that we obtained from industry publications and reports generated by International Data Corporation, or IDC, and Forrester Research. These publications typically indicate that they have obtained their information from sources they believe to be reliable, but do not guarantee the accuracy and completeness of their information. Although we have assessed the information in the publications and found it to be reasonable and believe the publications are reliable, we have not independently verified their data.

PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus and does not contain all of the information you should consider in making your investment decision. Before deciding to invest in shares of our common stock, you should read this summary together with the more detailed information, including our consolidated financial statements and the related notes, elsewhere in this prospectus. You should carefully consider, among other things, the matters discussed in "Risk Factors," our consolidated financial statements and related notes, and "Management's Discussion and Analysis of Financial Condition and Results of Operations," in each case included elsewhere in this prospectus.

FORTINET, INC.

Overview

We have pioneered an innovative, high performance network security solution to the fundamental problems of an increasingly bandwidth-intensive network environment and a more sophisticated IT threat landscape. We are a leading provider of network security appliances and the market leader in Unified Threat Management, or UTM. Through our products and subscription services, we provide broad, integrated and high performance protection against dynamic security threats while simplifying the IT security infrastructure for enterprises, service providers and government entities worldwide.

IT security and regulatory compliance have become increasingly complex for organizations, driving continued spending on solutions despite a cautious overall IT spending environment. The increasing sophistication of hackers and the rise of new Web applications have significantly multiplied the volume, intensity and diversity of security threats. Organizations have traditionally responded to security threats by deploying numerous standalone security point products within their network, such as gateway antivirus, firewall, intrusion prevention and Web filtering devices. This approach results in management complexity and a high total cost of ownership, leading to the need for a vendor that can integrate multiple security functions onto a single platform while maintaining high performance. Through our core focus on security innovation, we have built our UTM solution to address these problems. Our solution incorporates our proprietary application-specific integrated circuits, or ASICs, hardware architecture, operating system and set of associated security and networking functions to defend against multiple categories of IT security attacks without significantly impacting network performance, all while reducing point product complexity and cost.

We are the leading worldwide provider of UTM appliances, with a 13.9% share of the UTM appliance market for the first quarter of 2009, as determined by IDC.[(1)] IDC forecasts that the UTM market will grow from $1.3 billion in 2007 to $3.5 billion in 2012,[(2)] representing a compounded annual growth rate of 22.3%. Based on IDC data, the UTM market is the fastest growing segment within the network security market, which was $6.8 billion in 2007.[(2)] As of June 28, 2009, we had shipped over 450,000 appliances to more than 5,000 channel partners and 75,000 end-customers worldwide, including a majority of the 2009 Fortune Global 100.

Our total revenue was $123.5 million, $155.4 million, and $211.8 million for fiscal years 2006, 2007, and 2008, respectively, and was $98.3 million and $115.5 million for the first six months of fiscal 2008 and 2009, respectively. Our business is geographically diversified, with 36% of our total revenue from the Americas, 38%

(1) IDC Worldwide Security Appliances Tracker, June 2009.

(2) "Worldwide Network Security 2008-2012 Forecast and 2007 Vendor Shares: Transitions—Appliances Are More Than Meets the Eye," Doc #214246, October 2008.

from Europe, Middle East and Africa, or EMEA, and 26% from Asia Pacific countries, or APAC, for the first six months of fiscal 2009. We have generated positive cash flow from operations since fiscal 2005, growing our cash flow from operations from $3.4 million in fiscal 2005 to $37.7 million in fiscal 2008 and to $29.9 million for the first six months of fiscal 2009. Subscription and support services, which represented approximately half of our total revenue for fiscal 2008 and the first six months of fiscal 2009, are a significant source of recurring revenue.

Our Solution

Our flagship UTM solution consists of our FortiGate appliance product line and our FortiGuard security subscription services, which together provide a broad array of security and networking functions, including firewall, virtual private network, or VPN, antivirus, intrusion prevention, Web filtering, antispam, and wide area network, or WAN, acceleration. Our FortiGate appliances, from the FortiGate-50 for small businesses and branch offices to the FortiGate-5000 series for large enterprises and service providers, are based on our proprietary technology platform. This platform includes our FortiASICs, which are specifically designed for accelerated processing of security and networking functions, and our FortiOS operating system, which provides the foundation for all of our security functions. Our FortiGuard security subscription services provide end-customers with access to dynamic updates to our antivirus, intrusion prevention, Web filtering and antispam functionality based on intelligence gathered by our dedicated FortiGuard Global Threat Research Team. By combining multiple proprietary security and networking functions with our purpose-built FortiASIC and FortiOS, our FortiGate UTM solution delivers broad protection against dynamic security threats while reducing the operational burden and costs associated with managing multiple point products.

We complement our FortiGate product line with a family of FortiManager appliances, which enable end-customers to manage the system configuration and security functions of multiple FortiGate appliances from a centralized console, as well as FortiAnalyzer appliances, which enable collection, analysis and archiving of content and log data generated by our products. We also offer other appliances and software that protect our end-customers from security threats to other critical areas in the enterprise, such as messaging, Web-based traffic and databases, and employees' computers or handheld devices.

Key benefits of our solution include:

- *Accelerated, high performance unified threat management.* We offer a high performance UTM solution based on our proprietary technology platform, comprised of our FortiASICs and FortiOS. Our FortiASICs are designed to accelerate the computationally intensive tasks required to secure networks in today's sophisticated threat environment while also delivering faster network performance than traditional network security solutions.
- *High quality security functionality.* Our broad set of integrated, high quality security functions enables the most sophisticated and demanding end-customers to avoid the shortcomings of a traditionally fragmented security point product infrastructure. Organizations such as ICSA Labs, The NSS Group and Virus Bulletin 100 have certified the quality of our security functionality, and the fact that many large organizations, including a majority of the 2009 Fortune Global 100, have deployed our solution is a testament to the quality of our offering.
- *Lower total cost of ownership*. By consolidating security functionality, reducing network complexity, integrating high performance capabilities and centralizing management functions, our UTM solution is designed to lower our end-customers' total cost of ownership compared to multiple point products.
- *Superior flexibility and ease of deployment.* Our UTM solution enables end-customers to activate additional security functions and subscription services on an on-demand basis as their security needs evolve.

- *Dedicated, real-time security intelligence.* Through our subscription services, our FortiGuard Global Threat Research Team of over 100 professionals is able to provide real time security intelligence 24 hours a day, seven days a week and 365 days a year by enabling rapid updates to our end-customers' security products and delivering the latest counter-measures to emerging network security threats.
- *Broad, end-to-end security protection.* We offer a broad range of appliances and software to help end-customers defend against a myriad of security threats at many critical areas throughout the organization, including within the network through our UTM solution, but also in areas such as messaging, Web-based traffic and databases, and employees' computers or handheld devices, through our other offerings.

Our Strategy

Key elements of our strategy include the following:

- extend our UTM leadership through continued investment in research and development in our FortiASIC and FortiOS, and integration of other functions to expand the value proposition of UTM;
- continue our security focus in the broader network security market and expand into additional security segments;
- continue to increase our sales to new large enterprise, service provider and government customers;
- further expand sales within our existing customer base by selling additional FortiGate appliances and complementary products and services;
- continue to build and optimize our worldwide channel partner footprint; and
- further enhance the security threat research capabilities that support our FortiGuard real-time security subscription services.

Selected Risk Factors

Investing in our common stock involves risks. You should carefully read "Risk Factors" beginning on page 10 for an explanation of these risks before investing in our common stock. In particular, the following considerations, among others, may offset our competitive strengths or have a negative effect on our growth strategy, which could cause a decline in the price of our common stock and result in a loss of all or a portion of your investment:

- we may not maintain profitability or continue growth;
- our quarterly operating results are likely to vary and be unpredictable, which could cause our stock price to decline;
- reliance on a concentration of shipments at the end of the quarter could cause our revenue to fall below expectations of securities analysts and investors, resulting in a decline in our stock price;
- insufficient inventory may result in lost sales opportunities or delayed revenue, while excess inventory may harm gross margins;
- we rely on our channel partners to generate substantially all of our revenue, and a failure of partners to perform will harm our ability to grow;
- the average sale prices of our products or services may decrease;
- defects in our products or services could harm our reputation and results;
- we face intense competition, especially from larger companies; and
- a significant deferral of revenue, for example, based on an inability to establish fair value for any products or services, could cause our revenue for any quarter to fall below expectations of securities analysts and investors, resulting in a decline in our stock price.

Corporate Information

We were incorporated as a Delaware corporation in November 2000. Our principal executive office is located at 1090 Kifer Road, Sunnyvale, California 94086. Our telephone number at that location is (408) 235-7700. Our website address is *www.fortinet.com.* We do not incorporate the information on or accessible through our website into this prospectus, and you should not consider any information on, or that can be accessed through, our website as part of this prospectus. Except where the context requires otherwise, in this prospectus the "Company," "Fortinet," "we," "us," and "our" refer to Fortinet, Inc. and, where appropriate, its subsidiaries.

THE OFFERING

Shares of common stock offered by us	shares
Shares of common stock offered by the selling stockholders	shares
Total	shares
Shares of common stock to be outstanding after this offering	shares
Over-allotment option to be offered by us and the selling stockholders	shares
Use of proceeds	We expect our net proceeds from this offering will be approximately $ million. We plan to use the net proceeds to us from this offering for working capital and other general corporate purposes, including developing new products and funding capital expenditures. We also may use a portion of the net proceeds to acquire businesses, products, services or technologies we believe to be complementary. We will not receive any of the proceeds from the sale of shares of common stock by the selling stockholders. See "Use of Proceeds."
Risk Factors	You should read the "Risk Factors" section of this prospectus for a discussion of factors to consider carefully before deciding to invest in shares of our common stock.
Proposed symbol	" "

The number of shares of our common stock that will be outstanding after this offering is based on 58,112,679 shares outstanding at June 28, 2009, and excludes:

- 18,050,028 shares of common stock issuable upon the exercise of options outstanding as of June 28, 2009 (including shares that we expect to be sold in this offering by certain selling stockholders upon the exercise of vested options at the closing of this offering), at a weighted-average exercise price of $4.77 per share;
- 295,465 shares of common stock issuable upon the exercise of options granted after June 28, 2009, at an exercise price of $9.30 per share;
- 291,000 shares of common stock issuable upon the exercise of warrants outstanding as of June 28, 2009 (including shares that we expect to be sold in this offering by certain selling stockholders upon the exercise of warrants at the closing of this offering), at a weighted-average exercise price of $7.07 per share; and
- 9,000,000 shares of common stock reserved for future issuance under our 2009 Equity Incentive Plan.

Unless otherwise indicated, all information in this prospectus assumes:

- the automatic conversion of all outstanding shares of our convertible preferred stock into an aggregate of 37,475,835 shares of common stock immediately prior to the closing of this offering; and
- no exercise by the underwriters of their right to purchase up to shares of common stock from us and the selling stockholders to cover over-allotments.

SUMMARY CONSOLIDATED FINANCIAL DATA

We present below our summary consolidated financial data. The summary consolidated statements of operations data for the fiscal years 2006, 2007 and 2008 have been derived from our audited consolidated financial statements included elsewhere in this prospectus. The summary consolidated statements of operations data for the first six months of fiscal 2008 and 2009 and the summary consolidated balance sheet data as of June 28, 2009 have been derived from our unaudited consolidated financial statements included elsewhere in this prospectus. The unaudited consolidated financial statements include, in the opinion of management, all adjustments, consisting only of normal recurring adjustments, that management considers necessary for the fair presentation of the financial information set forth in those statements. The historical results presented below are not necessarily indicative of financial results to be achieved in future periods, and the results for the first six months of fiscal 2009, are not necessarily indicative of results to be expected for the full year or for any other period. You should read this information together with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our audited and unaudited consolidated financial statements and related notes, each included elsewhere in this prospectus.

The additional key metrics presented are used in addition to the financial measures reflected in the consolidated statements of operations and balance sheet data to help us evaluate growth trends, establish budgets, measure the effectiveness of our sales and marketing efforts and assess operational efficiencies. We assess the increase in deferred revenue balance at the end of a period plus revenue we recognize in that period as a measure of our sales activity for that period. We monitor cash flow from operations as a measure of our overall business performance.

	Fiscal Year[1]			Six Months Ended	
	2006	2007	2008	June 29, 2008	June 28, 2009
	(in thousands, except per share data)				
Consolidated Statement of Operations Data:					
Revenue					
Product	$ 59,469	$ 70,131	$ 94,587	$44,779	$ 43,777
Services	39,590	74,152	105,292	47,767	65,046
Ratable product and services	24,407	11,083	11,912	5,765	6,716
Total revenue	123,466	155,366	211,791	98,311	115,539
Cost of revenue					
Product[2]	24,166	35,948	41,397	19,791	18,621
Services[2]	9,496	15,941	19,441	9,767	10,405
Ratable product and services	7,302	4,763	4,634	2,220	2,607
Total cost of revenues	40,964	56,652	65,472	31,778	31,633
Gross profit					
Product	35,303	34,183	53,190	24,988	25,156
Services	30,094	58,211	85,851	38,000	54,641
Ratable product and services	17,105	6,320	7,278	3,545	4,109
Total gross profit	82,502	98,714	146,319	66,533	83,906
Operating expenses					
Research and development[2]	21,446	27,588	37,035	18,229	20,410
Sales and marketing[2]	54,056	72,159	87,717	44,466	46,104
General and administrative[2]	12,997	20,544	16,640	8,404	9,188
Total operating expenses	88,499	120,291	141,392	71,099	75,702
Operating income (loss)	(5,997)	(21,577)	4,927	(4,566)	8,204
Interest income	2,376	3,507	2,614	1,277	1,249
Other income (expense), net	(503)	(1,991)	1,710	(704)	212
Income (loss) before income taxes	(4,124)	(20,061)	9,251	(3,993)	9,665
Provision for income taxes	1,220	1,781	1,888	1,094	1,315
Net income (loss)	(5,344)	(21,842)	7,363	(5,087)	8,350
Premium paid on repurchase of convertible preferred stock[3]	—	—	—	—	(9,266)
Net income (loss) attributable to common stockholders	$ (5,344)	$ (21,842)	$ 7,363	$ (5,087)	$ (916)
Net income (loss) per share attributable to common stockholders:					
Basic	$ (0.28)	$ (1.13)	$ 0.37	$ (0.26)	$ (0.04)
Diluted	$ (0.28)	$ (1.13)	$ 0.11	$ (0.26)	$ (0.04)
Weighted-average shares outstanding:					
Basic	18,861	19,276	20,017	19,578	20,770
Diluted	18,861	19,276	67,122	19,578	20,770
Pro-forma net income (loss) per share (unaudited):					
Basic			$ 0.13		$ (0.02)
Diluted			$ 0.11		$ (0.02)
Pro-forma weighted-average shares outstanding used in calculating net income (loss) per share (unaudited):					
Basic			57,493		58,246
Diluted			67,122		58,246

(1) Our fiscal years ended on December 31, 2006, December 30, 2007 and December 28, 2008.

(2) Includes stock-based compensation expense as follows:

	Fiscal Year			Six Months Ended	
	2006	2007	2008	June 29, 2008	June 28, 2009
			(in thousands)		
Cost of product revenue	$ 99	$ 553	$ 67	$ 27	$ 51
Cost of services revenue	52	416	400	172	296
Research and development	135	1,452	1,049	428	876
Sales and marketing	354	3,928	2,512	1,220	1,336
General and administrative	414	2,983	1,271	575	784
Total stock-based compensation	$1,054	$9,332	$5,299	$ 2,422	$ 3,343

(3) This amount relates to the repurchase of convertible preferred stock (see Note 10 to Notes to Consolidated Financial Statements) during the first six months of fiscal 2009. The repurchase amount per share over the carrying value per share of the convertible preferred stock is considered similar to a dividend paid and thus the total amount is subtracted from net income to arrive at earnings available to common stockholders when deriving earnings per share.

	As of June 28, 2009		
	Actual	Pro Forma(1)	Pro Forma As Adjusted(2)
		(in thousands)	
Consolidated Balance Sheet Data:			
Cash, cash equivalents and short-term investments	$136,422	$ 136,422	
Working capital	31,631	31,631	
Total assets	210,568	210,568	
Current and long-term debt	—	—	
Deferred revenue, current and long-term	185,069	185,069	
Convertible preferred stock	81,600	—	
Common stock including additional paid-in capital	25,193	106,793	
Total stockholders' equity (deficit)	(7,809)	(7,809)	

(1) The pro forma column in the summary consolidated balance sheet data above reflects the automatic conversion of all outstanding shares of our convertible preferred stock into common stock immediately prior to the closing of this offering.

(2) The pro forma as adjusted column in the summary consolidated balance sheet data table above reflects:

- the automatic conversion of all outstanding shares of our convertible preferred stock into common stock immediately prior to the closing of this offering; and
- our receipt of the estimated net proceeds from the sale of shares of common stock offered by us in this offering, based on an assumed initial public offering price of $ per share, which is the midpoint of the range reflected on the cover page of this prospectus, and after deducting the underwriting discounts and commissions and estimated offering expenses payable by us.

	Fiscal Year or as of Fiscal Year End			Six Months Ended or as of	
	2006	2007	2008	June 29, 2008	June 28, 2009
			(dollars in thousands)		
Additional Key Metrics:					
Revenue	$123,466	$155,366	$211,791	$ 98,311	$115,539
Gross margin	66.8%	63.5%	69.1%	67.7%	72.6%
Operating income (loss)(1)	$ (5,997)	$ (21,577)	$ 4,927	$ (4,566)	$ 8,204
Operating margin	(4.9)%	(13.9)%	2.3%	(4.6)%	7.0%
Total deferred revenue(2)	$ 93,376	$131,255	$171,617	$153,179	$185,069
Increase in total deferred revenue(2)	18,872	37,879	40,362	21,924	13,452
Cash, cash equivalents and short-term investments	64,041	90,161	124,190	104,843	136,422
Cash flow from operations	3,409	27,669	37,686	15,843	29,893

(1) Includes stock-based compensation expense: 1,054 | 9,332 | 5,299 | 2,422 | 3,343

(2) Deferred revenue consists of amounts that have been invoiced but have not yet been recognized as revenue.

RISK FACTORS

Investing in our common stock involves a high degree of risk. You should carefully consider the following risks and all other information contained in this prospectus, including our consolidated financial statements and the related notes, before investing in our common stock. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties that we are unaware of, or that we currently believe are not material, also may become important factors that affect us. If any of the following risks materialize, our business, financial condition and results of operations could be materially harmed. In that case, the trading price of our common stock could decline, and you may lose some or all of your investment.

Risks Related to Our Business

We have a history of losses and may not maintain profitability, and our revenue growth may not continue.

We have incurred net losses in most fiscal years since our inception, including net losses of $59.0 million in fiscal 2004, $14.2 million in fiscal 2005, $5.3 million in fiscal 2006 and $21.8 million in fiscal 2007. As a result, we had an accumulated deficit of $111.8 million at June 28, 2009. Although we were profitable in fiscal 2008, we may not be able to sustain profitability in future periods if we fail to increase revenue or deferred revenue, manage our cost structure, or are subject to unanticipated liabilities. Revenue growth may slow or revenue may decline for a number of possible reasons, including slowing demand for our products or services, increasing competition, a decrease in the growth of our overall market, or if we fail for any reason to continue to capitalize on growth opportunities. Any failure by us to maintain profitability and continue our revenue growth could cause the price of our common stock to materially decline.

Our quarterly operating results are likely to vary significantly and be unpredictable, which could cause the trading price of our stock to decline.

Our operating results have historically varied from period to period, and we expect that they will continue to do so as a result of a number of factors, many of which are outside of our control, including:

- the level of demand for our products and services, and the timing of channel partner and end-customer orders;
- the timing of shipments, which may depend on many factors such as inventory and logistics and our ability to ship new products on schedule and accurately forecast inventory requirements;
- the mix of products sold, the mix of revenue between products and services and the degree to which products and services are bundled and sold together for a package price;
- the budgeting cycles and purchasing practices of our channel partners and end-customers;
- seasonal buying patterns of our end-customers;
- the timing of revenue recognition for our sales, which may be affected by both the mix of sales by our “sell-in” versus our “sell-through” channel partners, and by the extent to which we bring on new distributors;
- the accuracy and timing of point of sale reporting by our sell-through distributors, which impacts our ability to recognize revenue;
- the level of perceived threats to network security, which may fluctuate from period to period;
- changes in end-customer, distributor or reseller requirements or market needs;
- changes in the growth rate of the network security or UTM markets;
- the timing and success of new product and service introductions by us or our competitors or any other change in the competitive landscape of our industry, including consolidation among our competitors or end-customers;

- deferral of orders from end-customers in anticipation of new products or product enhancements announced by us or our competitors;
- decisions by potential end-customers to purchase network security solutions from larger, more established security vendors or from their primary network equipment vendors;
- price competition;
- changes in customer renewal rates for our services;
- insolvency or credit difficulties confronting our customers, affecting their ability to purchase or pay for our products and services;
- insolvency or credit difficulties confronting our key suppliers, which could disrupt our supply chain;
- general economic conditions, both domestically and in our foreign markets;
- future accounting pronouncements or changes in our accounting policies; and
- increases or decreases in our expenses caused by fluctuations in foreign currency exchange rates, since a significant portion of our expenses are incurred and paid in currencies other than U.S. dollars.

Any one of the factors above or the cumulative effect of some of the factors referred to above may result in significant fluctuations in our quarterly operating results. This variability and unpredictability could result in our failing to meet our revenue or operating results expectations or those of securities analysts or investors for any period. If we fail to meet or exceed such expectations for these or any other reasons, the market price of our shares could fall substantially and we could face costly lawsuits, including securities class action suits. In addition, a significant percentage of our operating expenses are fixed in nature and based on forecasted revenue trends. Accordingly, in the event of revenue shortfalls, we are generally unable to mitigate the negative impact on margins in the short term.

Reliance on a concentration of shipments at the end of the quarter could cause our revenue to fall below expected levels, resulting in a decline in our stock price.

As a result of customer-buying patterns and the efforts of our sales force and channel partners to meet or exceed quarterly quotas, historically we have received a substantial portion of a quarter's sales orders and generated a substantial portion of a quarter's revenue during the last two weeks or last days of the quarter. If expected revenue at the end of any quarter is delayed for any reason, including the failure of anticipated purchase orders to materialize, our or our logistics partners' inability to ship products prior to quarter-end to fulfill purchase orders received near the end of the quarter, our failure to manage inventory properly in a way to meet demand, or our inability to release new products on schedule, our revenue for that quarter could fall below our expectations or those of securities analysts and investors, resulting in a decline in our stock price.

We rely significantly on revenue from subscription and services which may decline, and, because we recognize revenue from subscriptions and support services over the term of the relevant service period, downturns or upturns in sales are not immediately reflected in full in our operating results.

Our services revenue accounted for 32.1% of our total revenue for fiscal 2006, 47.7% of our total revenue for fiscal 2007, 49.7% of our total revenue for fiscal 2008 and 56.3% of our total revenue for the first six months of fiscal 2009. Sales of new or renewal subscription and services contracts may decline or fluctuate as a result of a number of factors, including end-customers' level of satisfaction with our products and services, the prices of our products and services, the prices of products and services offered by our competitors or reductions in our customers' spending levels. If our sales of new or renewal subscription and services contracts decline, our revenue and revenue growth may decline and our business will suffer. In addition we recognize subscription and service revenue monthly over the term of the relevant service period, which is typically one year but has been as long as five years. As a result, much of the revenue we report each quarter is the recognition of deferred revenue

from subscription and services contracts entered into during previous quarters. Consequently, a decline in new or renewed subscription or service contracts in any one quarter will not be fully reflected in revenue in that quarter, but will negatively affect our revenue in future quarters. Accordingly, the effect of significant downturns in new or renewed sales of our subscriptions or services are not reflected in full in our results of operations until future periods. Our subscription and service revenue also makes it difficult for us to rapidly increase our revenue through additional service sales in any period, as revenue from new and renewal service contracts must be recognized over the applicable service period.

Managing inventory of our products and product components is complex; insufficient inventory may result in lost sales opportunities or delayed revenue, while excess inventory may harm our gross margins.

Our channel partners may increase orders during periods of product shortages, cancel orders if their inventory is too high, return product or take advantage of price protection (if any), or delay orders in anticipation of new products. They also may adjust their orders in response to the supply of our products and the products of our competitors that are available to them and in response to seasonal fluctuations in end-customer demand. Management of our inventory is further complicated by the significant number of different products that we sell and the fact that we sell models that must meet regulatory requirements, such as the European Union's Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment Directive, or the EU RoHS.

In addition, for those channel partners that have rights of return, inventory held by such channel partners affects our results of operations. Our inventory management systems and related supply chain visibility tools may be inadequate to enable us to effectively manage inventory. Inventory management remains an area of focus as we balance the need to maintain inventory levels that are sufficient to ensure competitive lead times against the risk of inventory obsolescence because of rapidly changing technology and customer requirements. If we ultimately determine that we have excess inventory, we may have to reduce our prices and write-down inventory, which in turn could result in lower gross margins. For example, in the third and fourth quarters of fiscal 2007 we had excess inventory, resulting in significant inventory write-offs. Alternatively, insufficient inventory levels may lead to shortages that result in delayed revenue or loss of sales opportunities altogether as potential end-customers turn to competitors' products that are readily available. If we are unable to effectively manage our inventory and that of our distribution partners, our results of operations could be adversely affected.

We rely on third-party channel partners to generate substantially all of our revenue; if our partners fail to perform, our ability to sell our products and services will be limited, and, if we fail to optimize our channel partner model going forward, our operating results will be harmed.

Substantially all of our revenue is generated through sales by our channel partners, which include distributors and resellers. We depend upon our channel partners to generate sales opportunities and manage the sales process. To the extent our channel partners are unsuccessful in selling our products, or we are unable to enter into arrangements with, and retain a sufficient number of high quality channel partners in each of the regions in which we sell products, and keep them motivated to sell our products, our ability to sell our products and operating results will be harmed.

We provide sales channel partners with specific programs to assist them in selling our products, but there can be no assurance that these programs will be effective. In addition, our channel partners may be unsuccessful in marketing, selling and supporting our products and services. Our channel partners generally do not have minimum purchase requirements. They may also market, sell and support products and services that are competitive with ours, and may devote more resources to the marketing, sales and support of such products. They may have incentives to promote our competitors' products to the detriment of our own. They may cease selling our products altogether. We cannot assure you that we will retain these channel partners or that we will be able to secure additional or replacement partners. The loss of one or more of our significant channel partners or the failure to obtain and ship a number of large orders each quarter through them could harm our operating results. Any new sales channel partner will require extensive training and may take several months or more to achieve productivity. Our channel partner sales structure could subject us to lawsuits, potential liability and reputational

harm if, for example, any of our channel partners misrepresent the functionality of our products or services to end-customers or our channel partners violate laws or our corporate policies. If we fail to manage existing sales channels, our business will be seriously harmed.

If we are not successful in continuing to execute our strategy to increase our sales to larger end-customers, our results of operations may suffer.

An important part of our growth strategy is to increase sales of our products to large enterprises, service providers and government entities. Sales to enterprises, service providers and government entities involve risks that may not be present (or that are present to a lesser extent) with sales to small-to-mid-sized entities. These risks include:

- increased competition from larger competitors, such as Cisco Systems, Inc., Check Point Software Technologies Ltd., McAfee, Inc. and Juniper Networks, Inc., that traditionally target enterprises, service providers and government entities and that may already have purchase commitments from those end-customers;
- increased purchasing power and leverage held by large end-customers in negotiating contractual arrangements with us;
- more stringent requirements in our service contracts, including stricter performance requirements and response times, and increased penalties for failure to meet certain performance targets; and
- longer sales cycles and the associated risk that substantial time and resources may be spent on a potential end-customer who elects not to purchase our products and services.

Large enterprises, service providers and government entities often undertake a significant evaluation process that results in a lengthy sales cycle, in some cases over twelve months. Although we have a channel sales model, our sales representatives typically engage in direct interaction with our distributors and resellers in connection with sales to larger end-customers. Due to the lengthy nature, the size and scope, and stringent requirements of these evaluations, we typically provide evaluation products to these customers. We may spend substantial time, effort and money in our sales efforts without being successful in producing any sales. If we are unsuccessful in converting these evaluations into sales, we may experience an increased inventory of used products and potential increased write-offs. In addition, product purchases by enterprises, service providers and government entities are frequently subject to budget constraints, multiple approvals, and unplanned administrative, processing and other delays. Finally, enterprise, service providers and government entities typically have longer implementation cycles; require a broader range of services, including design services; demand that vendors take on a larger share of risks; sometimes require acceptance provisions that can lead to a delay in revenue recognition; and expect greater payment flexibility from vendors. All these factors can add further risk to business conducted with these customers. If sales expected from a large end-customer for a particular quarter are not realized in that quarter or at all, our business, operating results and financial condition could be materially and adversely affected.

The average sales prices of our products may decrease, which may reduce our gross profits.

The average sales prices for our products may decline for a variety of reasons, including competitive pricing pressures, discounts we offer, a change in our mix of products, anticipation of the introduction of new products or promotional programs. Competition continues to increase in the market segments in which we participate and we expect competition to further increase in the future, thereby leading to increased pricing pressures. Larger competitors with more diverse product offerings may reduce the price of products that compete with ours in order to promote the sale of other products or may bundle them with other products. Furthermore, we anticipate that the average sales prices and gross profits for our products will decrease over product life cycles. We cannot assure you that we will be successful in developing and introducing new offerings with enhanced functionality on a timely basis, or that our product offerings, if introduced, will enable us to maintain our prices and gross profits at levels that will allow us to maintain profitability.

Defects or vulnerabilities in our products or services, the failure of our products or services to prevent a virus or security breach, or misuse of our products could harm our reputation and divert resources.

Because our products and services are complex, they may contain defects or errors that are not detected until after their commercial release and deployment by our customers. Further, these defects or vulnerabilities may cause our products or services to be vulnerable to electronic break-ins. Because the techniques used by computer hackers to access or sabotage networks change frequently and generally are not recognized until launched against a target, we may be unable to anticipate these techniques. In addition, defects or errors in our FortiGuard subscription updates or our FortiGate appliances could result in a failure of our FortiGuard services to effectively update end-customers' FortiGate appliances and thereby leave customers vulnerable to attacks. Furthermore, our solutions may also fail to detect or prevent viruses, worms or similar threats due to a number of reasons such as the evolving nature of such threats and the continual emergence of new threats that we may fail to add to our FortiGuard databases in time to protect our end-customers' networks. Our FortiGuard or FortiCare data centers and networks may also experience technical failures and downtime, and may fail to distribute appropriate updates, or fail to meet the increased requirements of a growing customer base. Any such technical failure, downtime, or failures in general may temporarily or permanently expose our end-customers' networks, leaving their networks unprotected against the latest security threats.

An actual or perceived security breach or infection of the network of one of our end-customers, regardless of whether the breach is attributable to the failure of our products or services to prevent the security breach, could adversely affect the market's perception of our security products. We may not be able to correct any security flaws or vulnerabilities promptly, or at all. Our products may also be misused by end-customers or third parties who obtain access to our products. For example, our products could be used to censor private access to certain information on the Internet. Such use of our products for censorship could result in negative press coverage and negatively affect our reputation, even if we take reasonable measures to prevent any improper shipment of our products or if our products are provided by an unauthorized third-party. Any defects, errors or vulnerabilities in our products, or misuse of our products, could result in:

- expenditure of significant financial and product development resources in efforts to analyze, correct, eliminate or work-around errors or defects or to address and eliminate vulnerabilities;
- loss of existing or potential end-customers or channel partners;
- delayed or lost revenue;
- delay or failure to attain market acceptance;
- negative publicity, which will harm our reputation; and
- litigation, regulatory inquiries or investigations that may be costly and harm our reputation.

Our business and operations have experienced rapid growth, and if we do not appropriately manage any future growth, or are unable to improve our systems and processes, our operating results will be negatively affected.

We have a high volume business that has grown over the last several years. We rely heavily on information technology systems to help manage critical functions such as order processing, revenue recognition, financial forecasts and inventory and supply chain management. However, we have been slow to adopt and implement certain automated functions, like Electronic Data Interchange, which could have a negative impact on our business. For example, a large part of our order processing relies on the manual processing of emails from our customers. Combined with the fact the we may receive a majority of our orders in the last few weeks of any given quarter, a significant interruption in our email service could result in delayed order fulfillment and decreased revenue for that quarter. To manage any future growth effectively, we must continue to improve and expand our information technology and financial infrastructure, operating and administrative systems and controls, and continue to manage headcount, capital and processes in an efficient manner. We may not be able to

successfully implement improvements to these systems and processes in a timely or efficient manner. In addition, our systems and processes may not prevent or detect all errors, omissions or fraud. Our failure to improve our systems and processes, or their failure to operate in the intended manner, may result in our inability to manage the growth of our business and to accurately forecast our revenue, expenses and earnings, or to prevent certain losses. Our productivity and the quality of our products and services may be adversely affected if we do not integrate and train our new employees quickly and effectively. Any future growth would add complexity to our organization and require effective coordination among our organization. Failure to manage any future growth effectively could result in increased costs and harm our results of operations.

If our estimates or judgments relating to our critical accounting policies are based on assumptions that change or prove to be incorrect, our operating results could fall below expectations of securities analysts and investors, resulting in a decline in our stock price.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, as provided in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this prospectus, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Our operating results may be adversely affected if our assumptions change or if actual circumstances differ from those in our assumptions, which could cause our operating results to fall below the expectations of securities analysts and investors, resulting in a decline in our stock price. Significant assumptions and estimates used in preparing our consolidated financial statements include those related to revenue recognition, stock-based compensation, valuation of inventory, warranty liabilities and accounting for income taxes.

We offer retroactive price protection to certain of our major distributors, and if we fail to balance their inventory with end-customer demand for our products, our allowance for price protection may be inadequate, which could adversely affect our results of operations.

We provide certain of our major distributors with price protection rights for inventories of our products held by them. If we reduce the list price of our products, certain distributors receive refunds or credits from us that reduce the price of such products held in their inventory based upon the new list price. As of June 28, 2009, we estimated that approximately $1.9 million of our products in our distributors' inventory were subject to price protection. Future credits for price protection will depend on the percentage of our price reductions for the products in inventory and our ability to manage the levels of our major distributors' inventories. If future price protection adjustments are higher than expected, our future results of operations could be materially and adversely affected.

If we are unable to hire, retain and motivate qualified personnel, our business will suffer.

Our future success depends, in part, on our ability to continue to attract and retain highly skilled personnel. The loss of the services of any of our key personnel, the inability to attract or retain qualified personnel, or delays in hiring required personnel, particularly in engineering and sales, may seriously harm our business, financial condition and results of operations. We have experienced turnover in our management-level personnel. None of our key employees has an employment agreement for a specific term, and any of our employees may terminate their employment at any time. Our ability to continue to attract and retain highly skilled personnel will be critical to our future success. Competition for highly skilled personnel is frequently intense, especially in the locations where we have a substantial presence and need for highly-skilled personnel: the San Francisco Bay Area, Vancouver, Canada and Beijing, China. A large portion of our employee base is substantially vested in significant stock option grants, and the ability to exercise those grants and sell their stock in a public market after the closing of this offering may result in a larger than normal turn-over rate. We may not be successful in

attracting, assimilating or retaining qualified personnel to fulfill our current or future needs. Also, to the extent we hire personnel from competitors, we may be subject to allegations that they have been improperly solicited or divulged proprietary or other confidential information.

We are dependent on the continued services and performance of our senior management, the loss of any of whom could adversely affect our business, operating results and financial condition.

Our future performance depends on the continued services and continuing contributions of our senior management to execute on our business plan, and to identify and pursue new opportunities and product innovations. The loss of services of senior management, particularly Ken Xie, our Co-founder, President and Chief Executive Officer, Michael Xie, our Co-founder, Vice President of Engineering and Chief Technical Officer, and Ken Goldman, our Vice President and Chief Financial Officer, could significantly delay or prevent the achievement of our development and strategic objectives. In addition, key personnel may be distracted by activities unrelated to our business. The loss of the services, or distraction, of our senior management for any reason could adversely affect our business, financial condition and results of operations.

If we are unable to establish fair value for any undelivered element of a customer order, revenue relating to the entire order will be deferred and recognized over future periods. A delay in the recognition of revenue for a significant portion of our sales in a particular quarter may cause our stock price to decline.

In the course of our selling efforts, we typically enter into arrangements that require us to deliver a combination of products and services. We refer to each individual product or service as an “element” of the overall arrangement. These arrangements typically require us to deliver particular elements in a future period. As we discuss further in “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates—Revenue Recognition”, if we are unable to determine the fair value of any undelivered elements, we are required by generally accepted accounting principles, or GAAP, to defer revenue from the entire arrangement rather than just the undelivered elements. If we are required to defer revenue from the entire arrangement for a significant portion of our product sales, our revenue for that quarter could fall below our expectations or those of securities analysts and investors, resulting in a decline in our stock price.

Adverse economic conditions or reduced information technology spending may adversely impact our business.

Our business depends on the overall demand for information technology and on the economic health of our current and prospective customers. In addition, the purchase of our products is often discretionary and may involve a significant commitment of capital and other resources. We believe the current global economic downturn may have adversely affected our total revenue in the first six months of fiscal 2009. Continued weak global economic conditions, or a reduction in information technology spending even if economic conditions improve, could adversely impact our business, financial condition and results of operations in a number of ways, including longer sales cycles, lower prices for our products and services, higher default rates among our distributors, reduced unit sales and lower or no growth.

Because we depend on several third-party manufacturers to build our products, we are susceptible to manufacturing delays that could prevent us from shipping customer orders on time, if at all, and may result in the loss of sales and customers.

We outsource the manufacturing of our security appliance products to a variety of contract manufacturing partners and original design manufacturing partners.

Our reliance on our third-party manufacturers reduces our control over the manufacturing process, exposing us to risks, including reduced control over quality assurance, product costs and product supply. Any manufacturing disruption by our third-party manufacturers could impair our ability to fulfill orders. If we are unable to manage our relationships with these third-party manufacturers effectively, or if these third-party

manufacturers experience delays, disruptions, capacity constraints or quality control problems in their manufacturing operations, or fail to meet our future requirements for timely delivery, our ability to ship products to our customers could be impaired and our business would be seriously harmed.

These manufacturers fulfill our supply requirements on the basis of individual purchase orders. We have no long-term contracts or arrangements with certain of our third-party manufacturers that guarantee capacity, the continuation of particular payment terms or the extension of credit limits. Accordingly, they are not obligated to continue to fulfill our supply requirements, and the prices we are charged for manufacturing services could be increased on short notice. If we are required to change third-party manufacturers, our ability to meet our scheduled product deliveries to our customers would be adversely affected, which could cause the loss of sales and existing or potential customers, delayed revenue or an increase in our costs which could adversely affect our gross margins. Our individual product lines are generally manufactured by only one manufacturing partner. Any production interruptions for any reason, such as a natural disaster, epidemic, capacity shortages, or quality problems, at one of our manufacturing partners would severely affect sales of our product lines manufactured by that manufacturing partner.

Our proprietary FortiASIC, which is the key to the performance of our appliances, is fabricated by contract manufacturers in foundries operated by UMC and Taiwan Semiconductor Manufacturing Corporation, or TSMC. Faraday (using UMC's foundry) and K-Micro (using TSMC's foundry) manufacture our ASICs on a purchase order basis, and these foundries do not guarantee any capacity and could reject orders from either Faraday or K-Micro or try to increase pricing. Accordingly, the foundries are not obligated to continue to fulfill our supply requirements, and due to the long lead time that a new foundry would require, we could suffer temporary or long term inventory shortages of our FortiASIC as well as increased costs. Our suppliers may also prioritize orders by other companies that order higher volumes of products. If any of these suppliers materially delays its supply of ASICs or specific product models to us, or requires us to find an alternate supplier and we are not able to do so on a timely and reasonable basis, or if these foundries materially increase their prices for fabrication of our ASICs or specific product models, our business would be harmed.

In addition, our reliance on third-party manufacturers and foundries limits our control over environmental regulatory requirements such as the hazardous substance content of our products and therefore our ability to ensure compliance with the EU RoHS and other similar laws. See "If we fail to comply with environmental requirements, our business, financial condition, operating results and reputation could be adversely affected" for information on the effects of the failure to comply with these laws.

Because some of the key components in our products come from limited sources of supply, we are susceptible to supply shortages or supply changes, which could disrupt or delay our scheduled product deliveries to our customers and may result in the loss of sales and customers.

We and our contract manufacturers currently purchase several key parts and components used in the manufacture of our products from limited sources of supply. We are therefore subject to the risk of shortages in supply of these components and the risk that component suppliers discontinue or modify components used in our products. We have faced component shortages in the past. The introduction by component suppliers of new versions of their products, particularly if not anticipated by us or our contract manufacturers, could require us to expend significant resources to incorporate these new components into our products. In addition, if these suppliers were to discontinue production of a necessary part or component, we would be required to expend significant resources and time in locating and integrating replacement parts or components from another vendor. Qualifying additional suppliers for limited source parts or components can be time-consuming and expensive.

Our manufacturing partners have experienced increasing lead times for the purchase of components incorporated into our products. Our reliance on a limited number of suppliers involves several additional risks, including:

- a potential inability to obtain an adequate supply of required parts or components when required;

- financial or other difficulties faced by our suppliers;
- infringement or misappropriation of our intellectual property;
- price increases;
- failure of a component to meet environmental or other regulatory requirements;
- failure to meet delivery obligations in a timely fashion; and
- failure in component quality.

The occurrence of any of these would be disruptive to us and could seriously harm our business. Any interruption or delay in the supply of any of these parts or components, or the inability to obtain these parts or components from alternate sources at acceptable prices and within a reasonable amount of time, would harm our ability to meet our scheduled product deliveries to our distributors, resellers and end-customers. This could harm our relationships with our channel partners and end-customers and could cause delays in shipment of our products and adversely affect our results of operations.

We are exposed to fluctuations in currency exchange rates, which could negatively affect our financial condition and results of operations.

Our sales contracts are primarily denominated in U.S. dollars and therefore substantially all of our revenue is not subject to foreign currency risk. However, a strengthening of the U.S. dollar could increase the real cost of our products to our customers outside of the United States, which could adversely affect our financial condition and results of operations. In addition, the majority of our operating expenses are incurred outside the United States, are denominated in foreign currency and are subject to fluctuations due to changes in foreign currency exchange rates, particularly changes in the Euro and Canadian dollar. We do not currently hedge currency exposures relating to operating expenses incurred outside of the United States, but we may do so in the future. If our attempts to hedge against these risks are not successful, our financial condition and results of operations could be adversely affected.

We generate a majority of revenue from sales to distributors, resellers and end-customers outside of the United States, and we are therefore subject to a number of risks associated with international sales and operations.

We market and sell our products throughout the world and have established sales offices in many parts of the world. Therefore, we are subject to risks associated with having worldwide operations. We are also subject to a number of risks typically associated with international sales and operations, including:

- economic or political instability in foreign markets;
- greater difficulty in enforcing contracts, accounts receivable collection and longer collection periods;
- changes in regulatory requirements;
- difficulties and costs of staffing and managing foreign operations;
- the uncertainty of protection for intellectual property rights in some countries;
- costs of compliance with foreign laws and regulations and the risks and costs of non-compliance with such laws and regulations;
- costs of complying with U.S. laws and regulations for foreign operations, including the Foreign Corrupt Practices Act, import and export control laws, tariffs, trade barriers, economic sanctions and other regulatory or contractual limitations on our ability to sell our products in certain foreign markets, and the risks and costs of non-compliance;

- heightened risks of unfair or corrupt business practices in certain geographies and of improper or fraudulent sales arrangements that may impact financial results and result in restatements of financial statements and irregularities in financial statements;
- the potential for political unrest, terrorism, hostilities or war;
- management communication and integration problems resulting from cultural differences and geographic dispersion; and
- multiple and possibly overlapping tax structures.

Product and service sales may be subject to foreign governmental regulations, which vary substantially from country to country. Further, we may be unable to keep up-to-date with changes in government requirements as they change from time to time. Failure to comply with these regulations could result in adverse affects to our business. In many foreign countries it is common for others to engage in business practices that are prohibited by our internal policies and procedures or U.S. regulations applicable to us. Although we implemented policies and procedures designed to ensure compliance with these laws and policies, there can be no assurance that all of our employees, contractors, channel partners and agents will comply with these laws and policies. Violations of laws or key control policies by our employees, contractors, channel partners or agents could result in delays in revenue recognition, financial reporting misstatements, fines, penalties, or the prohibition of the importation or exportation of our products and services and could have a material adverse effect on our business and results of operations.

We are subject to governmental export and import controls that could subject us to liability or impair our ability to compete in international markets.

Certain of our products are subject to U.S. export controls and may be exported outside the U.S. only with the required export license or through an export license exception, because we incorporate encryption technology into our products. If we were to fail to comply with U.S. export licensing, U.S. Customs regulations, U.S. economic sanctions and other laws we could be subject to substantial civil and criminal penalties, including fines for the company and incarceration for responsible employees and managers, and the possible loss of export or import privileges. In addition, if our channel partners fail to obtain appropriate import, export or re-export licenses or permits, we may also be adversely affected, through reputational harm and penalties. Obtaining the necessary export license for a particular sale may be time-consuming, and may result in the delay or loss of sales opportunities.

Furthermore, U.S. export control laws and economic sanctions prohibit the shipment of certain products to U.S. embargoed or sanctioned countries, governments and persons. Even though we take precautions to prevent our product from being shipped to U.S. sanctions targets, our products could be shipped to those targets by our channel partners, despite such precautions. Any such shipment could have negative consequences including government investigations and penalties and in reputational harm. In addition, various countries regulate the import of certain encryption technology, including import permitting/licensing requirements, and have enacted laws that could limit our ability to distribute our products or could limit our customers' ability to implement our products in those countries. Changes in our products or changes in export and import regulations may create delays in the introduction of our products in international markets, prevent our customers with international operations from deploying our products globally or, in some cases, prevent the export or import of our products to certain countries, governments or persons altogether. Any change in export or import regulations, economic sanctions or related legislation, shift in the enforcement or scope of existing regulations, or change in the countries, governments, persons or technologies targeted by such regulations, could result in decreased use of our products by, or in our decreased ability to export or sell our products to, existing or potential customers with international operations. Any decreased use of our products or limitation on our ability to export or sell our products would likely adversely affect our business, financial condition and results of operations.

If we fail to comply with environmental requirements, our business, financial condition, operating results and reputation could be adversely affected.

We are subject to various environmental laws and regulations including laws governing the hazardous material content of our products and laws relating to the recycling of electrical and electronic equipment. The laws and regulations to which we are subject include the European Union, or EU, RoHS and the EU Waste Electrical and Electronic Equipment (WEEE) Directive as well as the implementing legislation of the EU member states. Similar laws and regulations have been passed or are pending in China, South Korea, Norway and Japan and may be enacted in other regions, including in the United States and we are, or may in the future be, subject to these laws and regulations.

The EU RoHS and the similar laws of other jurisdictions ban the use of certain hazardous materials such as lead, mercury and cadmium in the manufacture of electrical equipment, including our products. We have incurred costs to comply with these laws, including research and development costs, costs associated with assuring the supply of compliant components and costs associated with writing off noncompliant inventory. We expect to incur more of these costs in the future. With respect to the EU RoHS, we and our competitors rely on an exemption for lead in network infrastructure equipment. It is possible this exemption will be revoked in the near future. If revoked, if there are other changes to these laws (or their interpretation) or if new similar laws are passed in other jurisdictions, we may be required to reengineer our products to use components compatible with these regulations. This reengineering and component substitution could result in additional costs to us or disrupt our operations or logistics.

The EU has also adopted the WEEE Directive, which requires electronic goods producers to be responsible for the collection, recycling and treatment of such products. Although currently our EU International channel partners are responsible for the requirements of this directive as the importer of record in most of the European countries in which we sell our products, changes in interpretation of the regulations may cause us to incur costs or have additional regulatory requirements in the future to meet in order to comply with this directive, or with any similar laws adopted in other jurisdictions.

Our failure to comply with these and future similar laws could result in reduced sales of our products, substantial product inventory write-offs, reputational damage, penalties and other sanctions.

A portion of our revenue is generated by sales to government entities, which are subject to a number of challenges and risks.

Contracts with U.S. and foreign federal, state and local governmental agencies have accounted for a significant portion of our revenue in past periods, and our strategy is to increase sales to government entities. Our ability to maintain and increase our growth in revenue from government entities is subject to a number of risks. Contracting with government entities is highly competitive and can be expensive and time consuming, often requiring significant upfront time and expense without any assurance that we will win a contract. Government demand and payment for our products and services may be impacted by public sector budgetary cycles and funding authorizations, with funding reductions or delays adversely affecting public sector demand for our products. In addition, government entities may have contractual or other legal rights to terminate current contracts for convenience or due to a default, and any such termination may result in revenue shortages. Governments routinely investigate and audit government contractors' administrative processes, and, any unfavorable audit could result in the government refusing to continue buying our products and services, a reduction of revenue, fines or civil or criminal liability if the audit uncovers improper or illegal activities. Any such penalties could adversely impact our results of operations in a material way. Finally, for purchases by the U.S. government, the government may require certain products to be manufactured in the United States and other high cost manufacturing locations, and we may not manufacture all products in locations that meet the requirements of the U.S. government.

False detection of viruses or security breaches or false identification of spam or spyware could adversely affect our business.

Our antivirus and our intrusion prevention services may falsely detect viruses or other threats that do not actually exist. This risk is heightened by the inclusion of a "heuristics" feature in our products, which attempts to identify viruses and other threats not based on any known signatures but based on characteristics or anomalies that may indicate that a particular item is a threat. When our end-customers enable the heuristics feature in our products, the risk of falsely identifying viruses and other threats significantly increases. These false positives, while typical in the industry, may impair the perceived reliability of our products and may therefore adversely impact market acceptance of our products. Also, our antispam and antispyware services may falsely identify emails or programs as unwanted spam or potentially unwanted programs, or alternatively fail to properly identify unwanted emails or programs, particularly as spam emails or spyware are often designed to circumvent antispam or spyware products. Parties whose emails or programs are blocked by our products may seek redress against us for labeling them as spammers or spyware, or for interfering with their business. In addition, false identification of emails or programs as unwanted spam or potentially unwanted programs may reduce the adoption of our products. If our system restricts important files or applications based on falsely identifying them as malware or some other item that should be restricted, this could adversely affect end-customers' systems and cause material system failures. Any such false identification of important files or applications could result in negative publicity, loss of end-customers and sales, increased costs to remedy any problem, and costly litigation.

If our internal network system is compromised by computer hackers, public perception of our products and services will be harmed.

We will not succeed unless the marketplace is confident that we provide effective network security protection. Because we provide network security products, we may be a more attractive target for attacks by computer hackers. Although we have not experienced significant damages from unauthorized access by a third-party of our internal network, if an actual or perceived breach of network security occurs in our internal systems it could adversely affect the market perception of our products and services. In addition, such a security breach could impair our ability to operate our business, including our ability to provide subscription and support services to our end-customers. If this happens, our revenue could decline and our business could suffer.

Our ability to sell our products is dependent on the quality of our technical support services, and our failure to offer high quality technical support services would have a material adverse effect on our sales and results of operations.

Once our products are deployed within our end-customers' networks, our end-customers depend on our technical support services, as well as the support of our channel partners, to resolve any issues relating to our products. If we or our channel partners do not effectively assist our customers in deploying our products, succeed in helping our customers quickly resolve post-deployment issues, and provide effective ongoing support, our ability to sell additional products and services to existing customers would be adversely affected and our reputation with potential customers could be damaged. Many enterprise, service provider and government entity end-customers require higher levels of support than smaller end-customers. If we fail to meet the requirements of the larger end-customers, it may be more difficult to execute on our strategy to increase our penetration with larger end-customers. As a result, our failure to maintain high quality support services would have a material adverse effect on our business, financial condition and results of operations.

Changes in our provision for income taxes or adverse outcomes resulting from examination of our income tax returns could adversely affect our results.

Our provision for income taxes is subject to volatility and could be adversely affected by:

- our earnings being lower than anticipated in countries that have lower tax rates and higher than anticipated in countries that have higher tax rates;

- changes in the valuation of our deferred tax assets and liabilities;
- expiration of or lapses in the research and development tax credit laws;
- transfer pricing adjustments including the effect of acquisitions on our intercompany research and development cost sharing arrangement and legal structure;
- tax effects of nondeductible compensation;
- tax costs related to intercompany realignments;
- changes in accounting principles; or
- changes in tax laws and regulations including possible changes in the United States to the taxation of earnings of our foreign subsidiaries, and the deductibility of expenses attributable to foreign income, or the foreign tax credit rules.

Significant judgment is required to determine the recognition and measurement attribute prescribed in Financial Interpretation No. 48, "Accounting for Uncertainty in Income Taxes-an interpretation of FASB Statement No. 109", or FIN 48. In addition, FIN 48 applies to all income tax positions, including the potential recovery of previously paid taxes, which if settled unfavorably could adversely impact our provision for income taxes or additional paid-in capital. Further, as a result of certain of our ongoing employment and capital investment actions and commitments, our income in certain countries is subject to reduced tax rates and in some cases is wholly exempt from tax. Our failure to meet these commitments could adversely impact our provision for income taxes. In addition, we are subject to the continuous examination of our income tax returns by the Internal Revenue Service and other tax authorities. We regularly assess the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of our provision for income taxes. There can be no assurance that the outcomes from these continuous examinations will not have an adverse effect on our results of operations.

Forecasting our estimated annual effective tax rate is complex and subject to uncertainty, and there may be material differences between our forecasted and actual tax rates.

Forecasts of our income tax position and effective tax rate are complex and subject to uncertainty because our income tax position for each year combines the effects of a mix of profits earned and losses incurred by us in various tax jurisdictions with a broad range of income tax rates, as well as changes in the valuation of deferred tax assets and liabilities, the impact of various accounting rules and changes to these rules and tax laws, the results of examinations by various tax authorities, and the impact of any acquisition, business combination or other reorganization or financing transaction. To forecast our global tax rate, we estimate our pre-tax profits and losses by jurisdiction and forecast our tax expense by jurisdiction. If the mix of profits and losses, our ability to use tax credits, or effective tax rates by jurisdiction is different than those estimated, our actual tax rate could be materially different than forecasted, which could have a material impact on our results of business, financial condition and results of operations.

As a multinational corporation, we conduct our business in many countries and are subject to taxation in many jurisdictions. The taxation of our business is subject to the application of multiple and sometimes conflicting tax laws and regulations as well as multinational tax conventions. Our effective tax rate is highly dependent upon the geographic distribution of our worldwide earnings or losses, the tax regulations and tax holidays in each geographic region, the availability of tax credits and carryforwards, and the effectiveness of our tax planning strategies. The application of tax laws and regulations is subject to legal and factual interpretation, judgment and uncertainty. Tax laws themselves are subject to change as a result of changes in fiscal policy, changes in legislation, and the evolution of regulations and court rulings. Consequently, taxing authorities may impose tax assessments or judgments against us that could materially impact our tax liability and/or our effective income tax rate.

In addition, we may be subject to examination of our income tax returns by the Internal Revenue Service and other tax authorities. If tax authorities challenge the relative mix of U.S. and international income, our future effective income tax rates could be adversely affected. While we regularly assess the likelihood of adverse outcomes from such examinations and the adequacy of our provision for income taxes, there can be no assurance that such provision is sufficient and that a determination by a tax authority will not have an adverse effect on our business, financial condition and results of operations.

Our inability to acquire and integrate other businesses, products or technologies could seriously harm our competitive position.

In order to remain competitive, we may seek to acquire additional businesses, products or technologies. If we identify an appropriate acquisition candidate, we may not be successful in negotiating the terms of the acquisition, financing the acquisition, or effectively integrating the acquired business, product or technology into our existing business and operations. We may have difficulty incorporating acquired technologies or products with our existing product lines and maintaining uniform standards, controls, procedures and policies. Our due diligence may fail to identify all of the problems, liabilities or other shortcomings or challenges of an acquired business, product or technology, including issues with the company's intellectual property, product quality or product architecture, regulatory compliance practices, revenue recognition or other accounting practices or employee or customer issues. In addition, any acquisitions we are able to complete may not be accretive to earnings and may not result in any synergies or other benefits we had expected to achieve, which could result in substantial write-offs. Further, completing a potential acquisition and integrating an acquired business, products or technologies will significantly divert management time and resources.

Our business is subject to the risks of warranty claims, product returns, product liability and product defects.

Our products are very complex and, despite testing prior to their release, can contain undetected errors or failures, especially when first introduced or when new versions are released. Product errors could affect the performance of our products, delay the development or release of new products or new versions of products, adversely affect our reputation and our end-customers' willingness to buy products from us and adversely affect market acceptance or perception of our products. Any such errors or delays in releasing new products or new versions of products or allegations of unsatisfactory performance could cause us to lose revenue or market share, increase our service costs, cause us to incur substantial costs in redesigning the products, cause us to lose significant end-customers, subject us to liability for damages and divert our resources from other tasks, any one of which could materially and adversely affect our business, results of operations and financial condition. Our products must successfully interoperate with products from other vendors. As a result, when problems occur in a network, it may be difficult to identify the sources of these problems. The occurrence of hardware and software errors, whether or not caused by our products, could delay or reduce market acceptance of our products, and have an adverse effect on our business and financial performance, and any necessary revisions may cause us to incur significant expenses. The occurrence of any such problems could harm our business, financial condition and results of operations.

Although we have limitation of liability provisions in our standard terms and conditions of sale, they may not fully or effectively protect us from claims as a result of federal, state or local laws or ordinances or unfavorable judicial decisions in the United States or other countries. The sale and support of our products also entail the risk of product liability claims. We maintain insurance to protect against certain claims associated with the use of our products, but our insurance coverage may not adequately cover any claim asserted against us. In addition, even claims that ultimately are unsuccessful could result in our expenditure of funds in litigation and divert management's time and other resources.

Our business is subject to the risks of earthquakes, fire, power outages, floods and other catastrophic events, and to interruption by manmade problems such as terrorism.

A significant natural disaster, such as an earthquake, fire or a flood, or a significant power outage could have a material adverse impact on our business, operating results and financial condition. Our corporate

headquarters are located in the San Francisco Bay Area, a region known for seismic activity. In addition, natural disasters could affect our manufacturing vendors or logistics providers' ability to perform services such as manufacturing products on a timely basis and assisting with shipments on a timely basis. For example, our primary international logistics provider is located in Taiwan which is an area known for typhoons. In the event our or our service providers' information technology systems or manufacturing or logistics abilities are hindered by any of the events discussed above, shipments could be delayed, resulting in missing financial targets, such as revenue and shipment targets, for a particular quarter. In addition, acts of terrorism could cause disruptions in our business or the business of our manufacturers, logistics providers, partners, or end-customers or the economy as a whole. Given our typical concentration of sales at each quarter end, any disruption in the business of our manufacturers, logistics providers, partners or end-customers that impacts sales at the end of our quarter could have a significant adverse impact on our quarterly results. All of the aforementioned risks may be augmented if the disaster recovery plans for us and our suppliers prove to be inadequate. To the extent that any of the above results in delays or cancellations of customer orders, or the delay in the manufacture, deployment or shipment of our products, our business, financial condition and results of operations would be adversely affected.

Risks Related to Our Industry

The network security market is rapidly evolving and the complex technology incorporated in our products makes them difficult to develop. If we do not accurately predict, prepare for and respond promptly to technological and market developments and changing end-customer needs, our competitive position and prospects will be harmed.

The network security market is expected to continue to evolve rapidly. Moreover, many of our end-customers operate in markets characterized by rapidly changing technologies and business plans, which require them to add numerous network access points and adapt increasingly complex enterprise networks, incorporating a variety of hardware, software applications, operating systems and networking protocols. In addition, computer hackers and others who try to attack networks employ increasingly sophisticated techniques to gain access to and attack systems and networks. The technology in our products is especially complex because it needs to effectively identify and respond to new and increasingly sophisticated methods of attack, while minimizing the impact on network performance. Additionally, some of our new products and enhancements may require us to develop new hardware architectures and ASICs that involve complex, expensive and time consuming research and development processes. Although the market expects rapid introduction of new products or product enhancements to respond to new threats, the development of these products is difficult and the timetable for commercial release is uncertain and there can be long time periods between releases. We have in the past and may in the future experience unanticipated delays in the release of new products and services and fail to meet previously announced timetables for releases, including in the first quarter of fiscal 2009. If we do not quickly respond to the rapidly changing and rigorous needs of our end-customers by developing and releasing on a timely basis new products and services or enhancements that can respond adequately to new security threats, our competitive position and business prospects will be harmed.

Our URL database for our Web filtering service may fail to keep pace with the rapid growth of URLs and may not categorize websites in accordance with our end-customers' expectations.

The success of our Web filtering service depends on the breadth and accuracy of our URL database. Although our URL database currently catalogs millions of unique URLs, it contains only a portion of the URLs for all of the websites that are available on the Internet. In addition, the total number of URLs and software applications is growing rapidly, and we expect this rapid growth to continue in the future. Accordingly, we must identify and categorize content for our security risk categories at an extremely rapid rate. Our database and technologies may not be able to keep pace with the growth in the number of websites, especially the growing amount of content utilizing foreign languages and the increasing sophistication of malicious code and the delivery mechanisms associated with spyware, phishing and other hazards associated with the Internet. Further, the ongoing evolution of the Internet and computing environments will require us to continually improve the

functionality, features and reliability of our Web filtering function. Any failure of our databases to keep pace with the rapid growth and technological change of the Internet will impair the market acceptance of our products, which in turn will harm our business, financial condition and results of operations.

In addition, our Web filtering service may not be successful in accurately categorizing Internet and application content to meet our end-customers' expectations. We rely upon a combination of automated filtering technology and human review to categorize websites and software applications in our proprietary databases. Our end-customers may not agree with our determinations that particular URLs should be included or not included in specific categories of our databases. In addition, it is possible that our filtering processes may place material that is objectionable or that presents a security risk in categories that are generally unrestricted by our users' Internet and computer access policies, which could result in such material not being blocked from the network. Conversely, we may miscategorize websites such that access is denied to websites containing information that is important or valuable to our customers. Any miscategorization could result in customer dissatisfaction and harm our reputation. Any failure to effectively categorize and filter websites according to our end-customers' and channel partners' expectations will impair the growth of our business.

If our new products and product enhancements do not achieve sufficient market acceptance, our results of operations and competitive position will suffer.

We spend substantial amounts of time and money to research and develop new products and enhanced versions of our existing products to incorporate additional features, improved functionality or other enhancements in order to meet our customers' rapidly evolving demands for network security in our highly competitive industry. When we develop a new product or an enhanced version of an existing product, we typically incur expenses and expend resources upfront to market, promote and sell the new offering. Therefore, when we develop and introduce new or enhanced products, they must achieve high levels of market acceptance in order to justify the amount of our investment in developing and bringing them to market.

Our new products or product enhancements could fail to attain sufficient market acceptance for many reasons, including:

- delays in releasing our new products or enhancements to the market;
- failure to accurately predict market demand in terms of product functionality and to supply products that meet this demand in a timely fashion;
- inability to interoperate effectively with the networks or applications of our prospective end-customers;
- inability to protect against new types of attacks or techniques used by hackers;
- defects, errors or failures;
- negative publicity about their performance or effectiveness;
- introduction or anticipated introduction of competing products by our competitors;
- poor business conditions for our end-customers, causing them to delay IT purchases;
- easing of regulatory requirements around security; and
- reluctance of customers to purchase products incorporating open source software.

If our new products or enhancements do not achieve adequate acceptance in the market, our competitive position will be impaired, our revenue will be diminished and the effect on our operating results may be particularly acute because of the significant research, development, marketing, sales and other expenses we incurred in connection with the new product or enhancement.

Unless we develop better market awareness of our company and our products, our revenue may not continue to grow.

We are a relatively new entrant in the network security market and we believe that we have not yet established sufficient market awareness of our participation in that market. Market awareness of our capabilities and products is essential to our continued growth and our success in all of our markets, particularly for the large enterprise, service provider and government entities markets. If our marketing programs are not successful in creating market awareness of our company and products, our business, financial condition and results of operations will be adversely affected, and we will not be able to achieve sustained growth.

Demand for Unified Threat Management products may be limited by market perception that UTM products are inferior to network security solutions from multiple vendors.

Sales of most of our products depend on increased demand for UTM products. If the UTM market fails to grow as we anticipate, our business will be seriously harmed. Target customers may view UTM "all-in-one" solutions as inferior to security solutions from multiple vendors because of, among other things, their perception that UTM products provide security functions from only a single vendor and do not allow users to choose "best-of-breed" defenses from among the wide range of dedicated security applications available. Target customers might also perceive that, by combining multiple security functions into a single platform, UTM solutions create a "single point of failure" in their networks, which means that an error, vulnerability or failure of the UTM product may place the entire network at risk. In addition, the market perception that UTM solutions may be suitable only for small and medium sized businesses because UTM lacks the performance capabilities and functionality of other solutions may harm our sales to large enterprise, service provider, and government entity end-customers. If the foregoing concerns and perceptions become prevalent, even if there is no factual basis for these concerns and perceptions, or if other issues arise with the UTM market in general, demand for UTM products could be severely limited, which would limit our growth and harm our business, financial condition and results of operations. Further a successful and publicized targeted attack against us or another well known UTM vendor exposing a "single point of failure" could significantly increase these concerns and perceptions and may result limited growth and harm our business and results of operations.

We face intense competition in our market, especially from larger, better-known companies, and we may lack sufficient financial or other resources to maintain or improve our competitive position.

The market for network security products is intensely competitive and we expect competition to intensify in the future. Our competitors include networking companies such as Cisco Systems, Inc. and Juniper Networks, Inc., security vendors such as Check Point Software Technologies Ltd., McAfee, Inc., and SonicWALL, Inc., and other point solution security vendors.

Many of our existing and potential competitors enjoy substantial competitive advantages such as:

- greater name recognition and longer operating histories;
- larger sales and marketing budgets and resources;
- broader distribution and established relationships with distribution partners and end-customers;
- access to larger customer bases;
- greater customer support resources;
- greater resources to make acquisitions;
- lower labor and development costs; and
- substantially greater financial, technical and other resources.

In addition, some of our larger competitors have substantially broader product offerings and leverage their relationships based on other products or incorporate functionality into existing products in a manner that

- lower labor and development costs; and
- substantially greater financial, technical and other resources.

In addition, some of our larger competitors have substantially broader product offerings and leverage their relationships based on other products or incorporate functionality into existing products in a manner that discourages users from purchasing our products. These larger competitors often have broader product lines and market focus, are in a better position to withstand any significant reduction in capital spending by end-customers in these markets, and will therefore not be as susceptible to downturns in a particular market. Also, many of our smaller competitors that specialize in providing protection from a single type of network security threat are often able to deliver these specialized network security products to the market more quickly than we can. Some of our smaller competitors are using third-party chips designed to accelerate performance. Conditions in our markets could change rapidly and significantly as a result of technological advancements or continuing market consolidation. Our current and potential competitors may also establish cooperative relationships among themselves or with third parties that may further enhance their resources. In addition, current or potential competitors may be acquired by third parties with greater available resources, such as Juniper's acquisition of NetScreen Technologies, Inc., McAfee's acquisition of Secure Computing Corporation and Check Point's acquisition of Nokia's security appliance business. As a result of such acquisitions, our current or potential competitors might be able to adapt more quickly to new technologies and customer needs, devote greater resources to the promotion or sale of their products and services, initiate or withstand substantial price competition, take advantage of acquisition or other opportunities more readily or develop and expand their product and service offerings more quickly than we do. In addition, our competitors may bundle products and services competitive with ours with other products and services. Customers may accept these bundled products and services rather than separately purchasing our products and services. Due to budget constraints or economic downturns, organizations may be more willing to incrementally add solutions to their existing network security infrastructure from competitors than to replace it with our solutions. These competitive pressures in our market or our failure to compete effectively may result in price reductions, fewer customer orders, reduced revenue and gross margins and loss of market share.

If functionality similar to that offered by our products is incorporated into existing network infrastructure products, organizations may decide against adding our appliances to their network, which would have an adverse effect on our business.

Large, well-established providers of networking equipment such as Cisco Systems, Inc. and Juniper Networks, Inc. offer, and may continue to introduce, network security features that compete with our products, either in stand-alone security products or as additional features in their network infrastructure products. The inclusion of, or the announcement of an intent to include, functionality perceived to be similar to that offered by our security solutions in networking products that are already generally accepted as necessary components of network architecture may have an adverse effect on our ability to market and sell our products. Furthermore, even if the functionality offered by network infrastructure providers is more limited than our products, a significant number of customers may elect to accept such limited functionality in lieu of adding appliances from an additional vendor such as us. Many organizations have invested substantial personnel and financial resources to design and operate their networks and have established deep relationships with other providers of networking products, which may make them reluctant to add new components to their networks, particularly from other vendors such as us. In addition, an organization's existing vendors or new vendors with a broad product offering may be able to offer concessions that we are not able to match because we currently offer only network security products and have fewer resources than many of our competitors. If organizations are reluctant to add additional network infrastructure from new vendors or otherwise decide to work with their existing vendors, our business, financial condition and results of operations will be adversely affected.

Risks Related to Intellectual Property

Our proprietary rights may be difficult to enforce, which could enable others to copy or use aspects of our products without compensating us.

We rely primarily on patent, trademark, copyright and trade secrets laws, confidentiality procedures and contractual provisions to protect our technology. We purchased most of our issued U.S. patents and many of our pending U.S. patent applications from other entities. Valid patents may not issue from our pending applications, and the claims eventually allowed on any patents may not be sufficiently broad to protect our technology or products. Any issued patents may be challenged, invalidated or circumvented, and any rights granted under these patents may not actually provide adequate defensive protection or competitive advantages to us. Patent applications in the United States are typically not published until 18 months after filing, or, in some cases, not at all, and publications of discoveries in industry-related literature lag behind actual discoveries. We cannot be certain that we were the first to make the inventions claimed in our pending patent applications or that we were the first to file for patent protection. Additionally, the process of obtaining patent protection is expensive and time-consuming, and we may not be able to prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner. In addition, recent changes to the patent laws in the United States may bring into question the validity of certain software patents. As a result, we may not be able to obtain adequate patent protection or effectively enforce our issued patents.

Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy aspects of our products or obtain and use information that we regard as proprietary. We generally enter into confidentiality or license agreements with our employees, consultants, vendors and customers, and generally limit access to and distribution of our proprietary information. However, we cannot assure you that the steps taken by us will prevent misappropriation of our technology. Policing unauthorized use of our technology or products is difficult. In addition, the laws of some foreign countries do not protect our proprietary rights to as great an extent as the laws of the United States, and many foreign countries do not enforce these laws as diligently as government agencies and private parties in the United States. From time-to-time, legal action by us may be necessary to enforce our patents and other intellectual property rights, to protect our trade secrets, to determine the validity and scope of the proprietary rights of others or to defend against claims of infringement or invalidity. Such litigation could result in substantial costs and diversion of resources and could negatively affect our business, operating results and financial condition. If we are unable to protect our proprietary rights (including aspects of our software and products protected other than by patent rights), we may find ourselves at a competitive disadvantage to others who need not incur the additional expense, time and effort required to create the innovative products that have enabled us to be successful to date.

Our products contain third-party open source software components, and failure to comply with the terms of the underlying open source software licenses could restrict our ability to sell our products.

Our products contain software modules licensed to us by third-party authors under “open source” licenses, including the GNU Public License (GPL), the GNU Lesser Public License (LGPL), the BSD License, the Apache License and others. From time-to-time, there have been claims against companies that distribute or use open source software in their products and services, asserting that open source software infringes the claimants’ intellectual property rights. We could be subject to suits by parties claiming infringement of intellectual property rights in what we believe to be licensed open source software. Use and distribution of open source software may entail greater risks than use of third-party commercial software, as open source licensors generally do not provide warranties or other contractual protections regarding infringement claims or the quality of the code. Some open source licenses contain requirements that we make available source code for modifications or derivative works we create based upon the type of open source software we use. If we combine our proprietary software with open source software in a certain manner, we could, under certain of the open source licenses, be required to release the source code of our proprietary software to the public. This could allow our competitors to create similar products with lower development effort and time and ultimately could result in a loss of product sales for us.

Although we monitor our use of open source software to avoid subjecting our products to conditions we do not intend, the terms of many open source licenses have not been interpreted by United States courts, and there is a risk that these licenses could be construed in a way that could impose unanticipated conditions or restrictions on our ability to commercialize our products. In this event, we could be required to seek licenses from third parties to continue offering our products, to make generally available, in source code form, our proprietary code, to re-engineer our products, or to discontinue the sale of our products if re-engineering could not be accomplished on a timely basis, any of which could adversely affect our business, operating results and financial condition.

Claims by others that we infringe their proprietary technology could harm our business.

Patent and other intellectual property disputes are common in the network security industry. Third parties have asserted and may in the future assert claims of infringement of intellectual property rights against us. They may also assert such claims against our end-customers or channel partners whom we typically indemnify against claims that our products infringe the intellectual property rights of third parties. As the number of products and competitors in our market increases and overlaps occur, infringement claims may increase. Any claim of infringement by a third-party, even those without merit, could cause us to incur substantial costs defending against the claim and could distract our management from our business. In addition, future litigation may involve patent holding companies or other adverse patent owners who have no relevant product revenue and against whom our own patents may therefore provide little or no deterrence or protection.

Although third parties may offer a license to their technology, the terms of any offered license may not be acceptable and the failure to obtain a license or the costs associated with any license could cause our business, financial condition and results of operations to be materially and adversely affected. In addition, some licenses may be non-exclusive, and therefore our competitors may have access to the same technology licensed to us. Alternatively, we may be required to develop non-infringing technology, which could require significant time, effort and expense and may ultimately not be successful. Furthermore, a successful claimant could secure a judgment or we may agree to a settlement that prevents us from distributing certain products or performing certain services or that requires us to pay substantial damages (including treble damages if we are found to have willfully infringed such claimant’s patents or copyrights), royalties or other fees. Any of these events could seriously harm our business, financial condition and results of operations.

We are currently involved in several patent disputes, have been involved in patent disputes in the past, and likely will be involved in additional disputes in the future. In May 2004, Trend Micro Incorporated filed a complaint against us alleging that we infringed a Trend Micro patent related to antivirus software. The International Trade Commission, or ITC, subsequently instituted an investigation which resulted in an exclusion order and a cease and desist order prohibiting us from selling a broad array of our products in the United States. In January 2006, we settled the lawsuit with Trend Micro, and subsequently the ITC terminated its action and rescinded the orders. Pursuant to the settlement and license agreement, we initially paid Trend Micro $15.0 million, and the settlement and license agreement provides for additional quarterly royalty payments, not expected to exceed 1% of our total revenue each quarter, through 2015. In November 2008, we filed a complaint against Trend Micro in the United States District Court for the Northern District of California alleging, among other claims, that the patents that are the basis for the ongoing royalty payments are invalid and consequently that we have no contractual obligation to pay the royalties. Trend Micro moved to dismiss the case, and, in June 2009, the court dismissed the case without prejudice on procedural grounds, and we appealed the dismissal in July 2009. Based on the dispute, we have ceased paying royalties under the settlement and license agreement. It is our understanding that, on August 6, 2009, Trend Micro filed a complaint against us in the Superior Court of the State of California for Santa Clara County. We have not received a copy of the complaint. According to the court docket, the complaint alleges breach of contract. Because this dispute is at an early stage, it is not possible to predict the outcome. An adverse outcome in this dispute could result in accelerated royalty payments and additional damages and penalties.

In January 2009, we filed a complaint against Palo Alto Networks, Inc. in the United States District Court for the Northern District of California alleging, among other claims, patent infringement, and Palo Alto Networks has threatened to countersue for patent infringement. In May 2009, Enhanced Security Research, LLC, or ESR, a non-practicing entity, filed a complaint in the United States District Court for the District of Delaware alleging patent infringement by us and other defendants. On August 3, 2009, ESR filed a substantially similar complaint against us in the same court alleging infringement of the same patents. We believe that the second case was filed for procedural reasons and expect that the earlier filed case will be dismissed. Both cases are currently at the early stage of the litigation process. If we are unsuccessful in defending against ESR's claims, our operating results and financial condition and results may be materially and adversely affected. Several other non-operating patent holding companies have sent us letters proposing that we license certain of their patents, and, given this and the proliferation of lawsuits in our industry and other similar industries by non-practicing entities and operating entities, we expect that we will be sued for patent infringement in the future, regardless of the merits of any such lawsuits. The cost to defend such lawsuits and any adverse result in such lawsuits could have a material adverse effect on our results of operations and financial condition.

We rely on the availability of third-party licenses.

Many of our products include software or other intellectual property licensed from third parties. It may be necessary in the future to renew licenses relating to various aspects of these products or to seek new licenses for existing or new products. There can be no assurance that the necessary licenses would be available on acceptable terms, if at all. The inability to obtain certain licenses or other rights or to obtain such licenses or rights on favorable terms, or the need to engage in litigation regarding these matters, could result in delays in product releases until equivalent technology can be identified, licensed or developed, if at all, and integrated into our products and may have a material adverse effect on our business, operating results, and financial condition. Moreover, the inclusion in our products of software or other intellectual property licensed from third parties on a nonexclusive basis could limit our ability to differentiate our products from those of our competitors.

Risks Related to this Offering and Ownership of our Common Stock

As a result of becoming a public company, we will be obligated to develop and maintain proper and effective internal controls over financial reporting. We may not complete our analysis of our internal controls over financial reporting in a timely manner, or these internal controls may not be determined to be effective, which may adversely affect investor confidence in our company and, as a result, the value of our common stock.

We will be required, pursuant to Section 404 of the Sarbanes-Oxley Act, to furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting for the first fiscal year beginning after the effective date of this offering. This assessment will need to include disclosure of any material weaknesses identified by our management in our internal control over financial reporting, as well as a statement that our auditors have issued an attestation report on our management's assessment of our internal controls.

We are in the very early stages of the costly and challenging process of compiling the system and processing documentation necessary to perform the evaluation needed to comply with Section 404. We may not be able to complete our evaluation, testing and any required remediation in a timely fashion. During the evaluation and testing process, if we identify one or more material weaknesses in our internal control over financial reporting, we will be unable to assert that our internal controls are effective. We have in the past identified material weaknesses and significant deficiencies in our internal control over financial reporting, and although we believe we have remediated the material weaknesses, certain significant deficiencies remain and we cannot assure you that there will not be material weaknesses and additional significant deficiencies in our internal controls in the future. If we are unable to assert that our internal control over financial reporting is effective, or if our auditors are unable to express an opinion on the effectiveness of our internal controls, we could lose investor confidence in the accuracy and completeness of our financial reports, which would cause the price of our common stock to decline.

If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, our stock price and trading volume could decline.

The trading market for our common stock will depend in part on the research and reports that securities or industry analysts publish about us or our business. If we do not establish and maintain adequate research coverage or if one or more of the analysts who covers us downgrades our stock or publishes inaccurate or unfavorable research about our business, our stock price would likely decline. If one or more of these analysts ceases coverage of our company or fails to publish reports on us regularly, demand for our stock could decrease, which could cause our stock price and trading volume to decline.

Our failure to timely file a registration statement under the Securities Exchange Act of 1934 may subject us to claims under federal securities laws.

In January 2007 we determined that we were required under Section 12(g) of the Securities Exchange Act of 1934 to have filed a Form 10 by April 30, 2006 to register our common stock and options to acquire our common stock, because options to purchase our common stock were held by more than 500 holders. Upon such determination, we suspended all further grants and exercises of options that would otherwise have been based on Rule 701. In December 2007, Securities and Exchange Commission Rule 12h-1, which exempts issuers from the registration requirements of Section 12(g) with respect to compensatory stock options, provided that certain requirements relating to outstanding options are satisfied, became effective. In January 2008, after consulting with the staff of the Securities and Exchange Commission regarding our situation, we concluded that we could rely on the Rule 12h-1 exemption once we satisfied the requirements of the rule and that, while doing so would not necessarily remedy the past violation, reliance on Rule 12h-1 as the basis for not registering our common stock when required by Section 12(g) should not exacerbate the past violation. We amended our option plan and became entitled to rely, on a prospective basis, on the Rule 12h-1 exemption on January 28, 2008, after which we resumed ordinary course option grants and permitted option exercises. As a result of our failure to register our common stock and options to purchase our common stock when required by Section 12(g), we could be subject to administrative and/or civil actions by the Securities and Exchange Commission. If any such claim or action is asserted, we could incur significant expenses and divert management's attention in defending them.

Because we may have issued stock options and shares of common stock in violation of federal and state securities laws, we may be required to offer to repurchase those securities and may incur other costs.

As a result of our non-compliance with Section 12(g) of the Securities Exchange Act of 1934 as described above, during the period between May 1, 2006 and January 27, 2008, and possibly for prior periods, we may not have been entitled to rely on Rule 701 or other exemptions under the Securities Act of 1933 for grants of stock options to our employees, directors and consultants, or the issuance of shares of our common stock upon exercise of options granted during such periods. Therefore, the grant of such options and issuance of such shares may have violated U.S. federal and state securities laws, which would give the holders of such options or shares the right to require us to repurchase those securities. Although we believe that we were entitled to rely on Rule 701 and other exemptions and otherwise believe that the grant and exercise of options during such periods did not violate U.S. federal or state securities laws, federal and state regulators may disagree.

If it is determined that we offered or sold securities without properly registering them under federal or state law, or securing an exemption from registration or state qualification, regulators could impose monetary fines or other sanctions as provided under such laws. They could also require us to make a rescission offer, which is an offer to repurchase the shares and options issued without registration or an exemption from federal and state securities laws, to certain of our stockholders and optionholders. Federal and state regulators could also extend the requirement to make a recission offer to cover options and shares issued in other periods. Even if we make a rescission offer, eligible participants might opt not to accept our offer. Because federal securities laws do not provide that a rescission offer will terminate a purchaser's right to rescind a sale of stock that was not registered or exempt from such registration requirements, we may be required to honor such recission rights in future periods. In that case, we may continue to be liable under federal and state securities laws for up to an amount

equal to the value of all options and common stock granted or issued without registration or an exemption therefrom plus any statutory interest we may be required to pay.

We will incur increased costs and demands upon management as a result of efforts to comply with the laws and regulations affecting public companies which could adversely affect our operating results.

As a public company, we will incur significant legal, accounting and other expenses that we did not incur as a private company, including costs associated with public company reporting and corporate governance requirements. These requirements include compliance with the Sarbanes-Oxley Act as well as other rules implemented by the SEC, and the applicable stock exchange. The expenses incurred by public companies for reporting and corporate governance purposes are significant. We expect these rules and regulations to substantially increase our legal and financial compliance costs and to make some activities more time-consuming and costly. The increased costs associated with operating as a public company will decrease our net income or increase our net loss, and may require us to reduce costs in other areas of our business or increase the prices of our products or services. Additionally, if these requirements divert our management's attention from other business concerns, they could have a material adverse effect on our business, financial condition and results of operations.

Our failure to raise additional capital or generate the significant capital necessary to expand our operations and invest in new products could reduce our ability to compete and could harm our business.

We expect that our existing cash and cash equivalents, together with our net proceeds from this offering, will be sufficient to meet our anticipated cash needs for at least the next twelve months. After that, we may need to raise additional funds, and we may not be able to obtain additional debt or equity financing on favorable terms, if at all. If we raise additional equity financing, our stockholders may experience significant dilution of their ownership interests and the per share value of our common stock could decline. Furthermore, if we engage in debt financing, the holders of debt would have priority over the holders of common stock and we may be required to accept terms that restrict our ability to incur additional indebtedness, and take other actions that would otherwise be in the interests of the stockholders and force us to maintain specified liquidity or other ratios, any of which could harm our business, operating results and financial condition. If we need additional capital and cannot raise it on acceptable terms, we may not be able to, among other things:

- develop or enhance our products and services;
- continue to expand our sales and marketing and research and development organizations;
- acquire complementary technologies, products or businesses;
- expand operations, in the United States or internationally;
- hire, train and retain employees; or
- respond to competitive pressures or unanticipated working capital requirements.

Our failure to do any of these things could seriously harm our business, financial condition and results of operations.

An active, liquid and orderly trading market for our common stock may not develop, the price of our stock may be volatile, and you could lose all or part of your investment.

Prior to this offering, there has been no public market for shares of our common stock. The initial public offering price of our common stock will be determined through negotiation with the underwriters. This price will not necessarily reflect the price at which investors in the market will be willing to buy and sell our shares of common stock following this offering. In addition, the trading price of our common stock following this offering is likely to be highly volatile and could be subject to wide fluctuations in response to various factors, some of which are beyond our control, including those factors described above in "—Our quarterly operating results are

likely to vary significantly and be unpredictable, which could cause the trading price of our stock to decline." The volatility in the stock price of several recent companies completing initial public offerings have ranged from to over the period following the pricing of their offering.

In addition, the stock market in general, and the market for technology companies in particular, has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of those companies. Broad market and industry factors may seriously affect the market price of companies' stock, including ours, regardless of actual operating performance. These fluctuations may be even more pronounced in the trading market for our stock shortly following this offering. In addition, in the past, following periods of volatility in the overall market and the market price of a particular company's securities, securities class action litigation has often been instituted against these companies. This litigation, if instituted against us, could result in substantial costs and a diversion of our management's attention and resources.

Concentration of ownership among our existing executive officers, directors and their affiliates may prevent new investors from influencing significant corporate decisions.

Upon completion of this offering, our executive officers, directors and their affiliates will beneficially own, in the aggregate, approximately % of our outstanding common stock. As a result, these stockholders will be able to exercise a significant level of control over all matters requiring stockholder approval, including the election of directors, amendment of our certificate of incorporation and approval of significant corporate transactions. This control could have the effect of delaying or preventing a change of control of our company or changes in management and will make the approval of certain transactions difficult or impossible without the support of these stockholders. See "Principal and Selling Stockholders" for additional detail about the shareholdings of these persons.

Future sales of shares by existing stockholders could cause our stock price to decline.

If our existing stockholders sell, or indicate an intention to sell, substantial amounts of our common stock in the public market after the lock-up and other legal restrictions on resale discussed in this prospectus lapse, the trading price of our common stock could decline. Based on shares of common stock outstanding as of June 28, 2009, upon completion of this offering, we will have outstanding a total of shares of common stock. Of these shares, only the shares of common stock sold in this offering by us and the selling stockholders will be freely tradable, without restriction, in the public market immediately following this offering. Morgan Stanley & Co. Incorporated and J.P. Morgan Securities Inc., however, may, in their sole discretion, permit our officers, directors and other stockholders who are subject to these lock-up agreements to sell shares prior to the expiration of the lock-up agreements.

We expect that the lock-up agreements pertaining to this offering will expire 180 days from the date of this prospectus (subject to extension upon the occurrence of specified events). After the lock-up agreements expire, up to an additional shares of common stock will be eligible for sale in the public market, of which shares are held by directors, executive officers and other affiliates and will be subject to volume limitations under Rule 144 under the Securities Act and various vesting agreements. In addition, shares of common stock that are either subject to outstanding options or reserved for future issuance under our employee benefit plans will become eligible for sale in the public market to the extent permitted by the provisions of various vesting agreements, the lock-up agreements and Rule 144 and Rule 701 under the Securities Act. If these additional shares of common stock are sold, or if it is perceived that they will be sold, in the public market, the trading price of our common stock could decline.

Anti-takeover provisions contained in our certificate of incorporation and bylaws, as well as provisions of Delaware law, could impair a takeover attempt.

Our certificate of incorporation, bylaws and Delaware law contain provisions which could have the effect of rendering more difficult, delaying or preventing an acquisition deemed undesirable by our board of directors. Our corporate governance documents include provisions:

- creating a classified board of directors whose members serve staggered three-year terms;

- authorizing “blank check” preferred stock, which could be issued by the board without stockholder approval and may contain voting, liquidation, dividend and other rights superior to our common stock;
- limiting the liability of, and providing indemnification to, our directors and officers;
- limiting the ability of our stockholders to call and bring business before special meetings;
- requiring advance notice of stockholder proposals for business to be conducted at meetings of our stockholders and for nominations of candidates for election to our board of directors;
- controlling the procedures for the conduct and scheduling of board and stockholder meetings; and
- providing the board of directors with the express power to postpone previously scheduled annual meetings and to cancel previously scheduled special meetings.

These provisions, alone or together, could delay or prevent hostile takeovers and changes in control or changes in our management.

As a Delaware corporation, we are also subject to provisions of Delaware law, including Section 203 of the Delaware General Corporation law, which prevents some stockholders holding more than 15% of our outstanding common stock from engaging in certain business combinations without approval of the holders of a substantial majority of all of our outstanding common stock.

Any provision of our certificate of incorporation or bylaws or Delaware law that has the effect of delaying or deterring a change in control could limit the opportunity for our stockholders to receive a premium for their shares of our common stock, and could also affect the price that some investors are willing to pay for our common stock.

Purchasers in this offering will experience immediate and substantial dilution in the book value of their investment.

The initial public offering price of our common stock is substantially higher than the net tangible book value per share of our outstanding common stock immediately after this offering. Therefore, if you purchase our common stock in this offering, you will incur immediate dilution of $ in the net tangible book value per share from the price you paid, based on an assumed public offering price of $ per share. In addition, following this offering, purchasers in the offering will have contributed % of the total consideration paid by our stockholders to purchase shares of common stock, in exchange for acquiring approximately % of our total outstanding shares as of , 2009 after giving effect to this offering. The exercise of outstanding stock options will result in further dilution. For a further description of the dilution that you will experience immediately after this offering, see “Dilution.”

Our management will have broad discretion over the use of the proceeds we receive in this offering and might not apply the proceeds in ways that increase the value of your investment.

Our management will have broad discretion over the use of our net proceeds from this offering, and you will be relying on the judgment of our management regarding the application of these proceeds. Our management might not apply our net proceeds in ways that ultimately increase the value of your investment. We expect to use the net proceeds from this offering for general corporate purposes, including working capital and capital expenditures, which may in the future include investments in, or acquisitions of, businesses, services or technologies that management deems to likely be complementary or synergistic. We might not be able to yield a significant return, if any, on any investment of these net proceeds.

FORWARD LOOKING STATEMENTS

This prospectus includes forward looking statements. All statements other than statements of historical facts contained in this prospectus, including statements regarding our future results of operations and financial position, business strategy and plans and our objectives for future operations, are forward looking statements. The words “believe,” “may,” “will,” “estimate,” “continue,” “anticipate,” “intend,” “expect” and similar expressions are intended to identify forward looking statements. We have based these forward looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives, and financial needs. These forward looking statements are subject to a number of risks, uncertainties and assumptions, including those described in “Risk Factors.” Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time-to-time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward looking statements we may make. In light of these risks, uncertainties and assumptions, the forward looking events and circumstances discussed in this prospectus may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward looking statements.

You should not rely upon forward looking statements as predictions of future events. Although we believe that the expectations reflected in the forward looking statements are reasonable, we cannot guarantee that the future results, levels of activity, performance or events and circumstances reflected in the forward looking statements will be achieved or occur. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of the forward looking statements. We undertake no obligation to update publicly any forward looking statements for any reason after the date of this prospectus to conform these statements to actual results or to changes in our expectations.

You should read this prospectus and the documents that we reference in this prospectus and have filed with the SEC as exhibits to the registration statement of which this prospectus is a part with the understanding that our actual future results, levels of activity, performance and events and circumstances may be materially different from what we expect.

USE OF PROCEEDS

We estimate that our net proceeds from the sale of the common stock offered by us will be approximately $ million, assuming an initial public offering price of $ per share, which is the midpoint of the range reflected on the cover page of this prospectus, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. If the underwriters' option to purchase additional shares in this offering is exercised in full, we estimate that our net proceeds will be approximately $. We will not receive any proceeds from the sale of shares of common stock by the selling stockholders. A $1.00 increase or decrease in the assumed initial public offering price of $ would increase or decrease the net proceeds we received from the offering by approximately $, assuming the number of shares offered by us remains the same and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us as set forth on the cover page of this prospectus.

We intend to use the net proceeds to us from this offering for working capital and other general corporate purposes, including developing new products and funding capital expenditures. We also may use a portion of the net proceeds to acquire businesses, products, services or technologies we believe to be complementary. However, we do not have agreements or commitments for any specific acquisitions at this time. We will have broad discretion in the way we use the net proceeds. Pending use of the net proceeds as described above, we intend to invest the net proceeds in money market funds and investment grade debt securities.

DIVIDEND POLICY

We have never declared or paid cash dividends on our common or convertible preferred stock. We currently do not anticipate paying any cash dividends in the foreseeable future. Any future determination to declare cash dividends will be made at the discretion of our board of directors, subject to applicable laws and will depend on our financial condition, results of operations, capital requirements, general business conditions and other factors that our board of directors may deem relevant.

CAPITALIZATION

The following table sets forth our cash, cash equivalents and short-term investments and capitalization as of June 28, 2009:

- on an actual basis;
- on a pro forma basis to give effect to the automatic conversion of all outstanding shares of our convertible preferred stock into 37,475,835 shares of common stock immediately prior to the closing of this offering; and
- on a pro forma as adjusted basis to reflect: (i) the automatic conversion of all outstanding shares of our convertible preferred stock into 37,475,835 shares of common stock; (ii) our receipt of the estimated net proceeds from the sale of shares of common stock offered by us in this offering, based on an assumed initial public offering price of $ per share, which is the midpoint of the range reflected on the cover page of this prospectus, and after deducting underwriting discounts and commissions and estimated offering expenses payable by us; and (iii) the amendment and restatement of our certificate of incorporation upon the closing of this offering.

The information below is illustrative only and our cash, cash equivalents and short-term investments and capitalization following the completion of this offering will be based on the actual initial public offering price and other terms of this offering determined at pricing. You should read this table together with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes included elsewhere in this prospectus.

	As of June 28, 2009		
	Actual	Pro Forma	Pro Forma As Adjusted[1]
	(in thousands, except share and per share data) (unaudited)		
Cash, cash equivalents and short-term investments	$ 136,422	$ 136,422	$
Current and long-term debt	$ —	$ —	$
Convertible preferred stock, par value $0.001 per share; 40,500,000 shares authorized (actual), 37,475,835 shares issued and outstanding (actual); 40,500,000 shares authorized (pro forma), no shares issued or outstanding (pro forma); and 10,000,000 shares authorized (pro forma as adjusted), no shares issued or outstanding (pro forma as adjusted)	81,600	—	
Common stock, par value $0.001 per share; 82,000,000 shares authorized (actual), 21,341,476 shares issued and 20,636,844 shares outstanding (actual); 82,000,000 shares authorized (pro forma), 58,817,311 shares issued and 58,112,679 shares outstanding (pro forma); 300,000,000 shares authorized (pro forma as adjusted), shares issued and shares outstanding (pro forma as adjusted)	21	58	
Additional paid-in capital	25,172	106,735	
Treasury stock	(2,995)	(2,995)	
Accumulated other comprehensive loss	194	194	
Accumulated deficit	(111,801)	(111,801)	
Total stockholders' equity (deficit)	(7,809)	(7,809)	
Total capitalization	$ (7,809)	$ (7,809)	$

(1) Each $1.00 increase (decrease) in the assumed initial public offering price of $ per share would increase (decrease) the amount of pro forma as adjusted cash, cash equivalents and short-term investments, additional paid-in capital, total stockholders' equity, total capitalization and net proceeds we receive from this offering by approximately $, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions and estimated offering expenses that we must pay.

The table above excludes the following shares:

- 18,050,028 shares of common stock issuable upon the exercise of stock options outstanding as of June 28, 2009 (including shares that we expect to be sold in this offering by certain selling stockholders upon the exercise of vested options at the closing of this offering), at a weighted-average exercise price of $4.77 per share;
- 295,465 shares of common stock issuable upon the exercise of options granted after June 28, 2009, at an exercise price of $9.30 per share;
- 291,000 shares of common stock issuable upon the exercise of warrants outstanding as of June 28, 2009 (including shares that we expect to be sold in this offering by certain selling stockholders upon the exercise of warrants at the closing of this offering), at a weighted-average exercise price of $7.07 per share;
- 9,000,000 shares of common stock reserved for future issuance under our 2009 Equity Incentive Plan; and
- shares of common stock if the underwriters' over-allotment option were exercised in full.

DILUTION

If you invest in our common stock, your investment will be diluted immediately to the extent of the difference between the public offering price per share of our common stock and the pro forma net tangible book value per share of our common stock after this offering. Our pro forma net tangible book value as of June 28, 2009, was approximately $ million, or $ per share of common stock. Pro forma net tangible book value per share represents the amount of our total tangible assets, less our total liabilities, divided by the number of shares of common stock outstanding as of June 28, 2009, after giving effect to the automatic conversion of all outstanding shares of our convertible preferred stock immediately prior to the closing of this offering.

Net tangible book value dilution per share to new investors represents the difference between the amount per share paid by purchasers of shares of common stock in this offering and the pro forma net tangible book value per share of common stock immediately after the completion of this offering. After giving effect to our sale of shares of common stock in this offering at an assumed initial public offering price of $ per share, the midpoint of the range reflected on the cover of this prospectus, and after deducting the underwriting discounts and commissions and estimated offering expenses payable by us, our pro forma net tangible book value as of June 28, 2009 would have been $ million, or $ per share. This represents an immediate increase in net tangible book value of $ per share to existing stockholders and an immediate dilution in net tangible book value of $ per share to investors purchasing common stock in this offering, as illustrated in the following table:

Assumed initial public offering price per share		$
Pro forma net tangible book value per share as of June 28, 2009	$	
Increase per share attributed to this offering	$	
Pro forma as adjusted net tangible book value per share		$
Dilution per share to new investors		$

A $1.00 increase (decrease) in the assumed initial public offering price of $ per share, which is the midpoint of the range listed on the cover page of this prospectus, would increase (decrease) our pro forma as adjusted net tangible book value per share by $, assuming the number of shares offered by us remains the same as set forth on the cover page of this prospectus and after deducting the estimated underwriting discounts and commissions and estimated offering expenses that we must pay.

If the underwriters exercise their option to purchase additional shares of our common stock in full, the pro forma as adjusted net tangible book value per share would be $ per share, the increase in pro forma net tangible book value per share to existing stockholders would be $ per share and the dilution per share to new investors purchasing shares in this offering would be $ per share.

The following table presents, on a pro forma basis as of June 28, 2009, after giving effect to the sale of shares of common stock and the automatic conversion of all preferred stock into common stock immediately prior to the closing of this offering, the differences between the existing stockholders and the purchasers of shares in this offering with respect to the number of shares purchased from us, the total consideration paid and the average price paid per share:

	Shares Purchased		Total Consideration		Average Price Per Share
	Number	Percent	Amount	Percent	
Existing stockholders		%	$	%	$
New public investors					
Total		100.0%	$	100.0%	

A $1.00 increase (decrease) in the assumed initial public offering price of $ per share, which is the midpoint of the range listed on the cover page of this prospectus, would increase (decrease) total consideration paid by new investors by $ million, total consideration paid by all stockholders by $ and the average price per share paid by all stockholders by $, in each case assuming the number of shares offered by us, as set forth on the cover of this prospectus, remains the same, and without deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

The foregoing calculations are based on 58,112,679 shares of our common stock outstanding as of June 28, 2009 and exclude:

- 18,050,028 shares of common stock issuable upon the exercise of options outstanding as of June 28, 2009 (including shares that we expect to be sold in this offering by certain selling stockholders upon the exercise of vested options at the closing of this offering), at a weighted-average exercise price of $4.77 per share;
- 295,465 shares of common stock issuable upon the exercise of options granted after June 28, 2009, at an exercise price of $9.30 per share;
- 291,000 shares of common stock issuable upon the exercise of warrants outstanding as of June 28, 2009 (including shares that we expect to be sold in this offering by certain selling stockholders upon the exercise of warrants at the closing of this offering), at a weighted-average exercise price of $7.07 per share; and
- 9,000,000 shares of common stock reserved for issuance under our 2009 Equity Incentive Plan.

If all of these options and warrants were exercised, then our existing stockholders, including the holders of these options, would own % and our new investors would own % of the total number of shares of our common stock outstanding upon the closing of this offering. The net tangible book value per share after this offering would be $, causing dilution to new investors of $ per share.

Sales by the selling stockholders in this offering will cause the number of shares held by existing stockholders to be reduced to shares or % of the total number of shares of our common stock outstanding after this offering. If the underwriters' overallotment option is exercised in full, the number of shares held by the existing stockholders after this offering would be reduced to , or % of the total number of shares of our common stock outstanding after this offering, and the number of shares held by new investors would increase to or % of the total number of shares of our common stock outstanding after this offering.

To the extent that any outstanding options or warrants are exercised, new investors will experience further dilution.

SELECTED CONSOLIDATED FINANCIAL DATA

The following selected consolidated financial data should be read in conjunction with the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the consolidated financial statements and the related notes included in this prospectus. The selected consolidated financial data included in this section are not intended to replace the consolidated financial statements and the related notes included in this prospectus.

In 2005, we adopted a fiscal year that ends on the Sunday closest to December 31 of each year. Our 2004, 2005, 2006, 2007 and 2008 fiscal years ended on December 31, 2004, January 1, 2006, December 31, 2006, December 30, 2007 and December 28, 2008, respectively. Our interim fiscal quarters end on the Sunday closest to March 31, June 30 and September 30 of each year. In 2009, we intend to convert to a calendar year which ends on December 31, 2009.

The consolidated statements of operations data for the fiscal years 2006, 2007 and 2008, and consolidated balance sheets data as of fiscal year end 2007 and 2008, were derived from our audited consolidated financial statements that are included elsewhere in this prospectus. The consolidated statements of operations data for fiscal years 2004 and 2005, and consolidated balance sheet data as of fiscal year end 2004, 2005 and 2006, were derived from our audited consolidated financial statements not included in this prospectus. The consolidated statements of operations data and balance sheet data as of and for the first six months of fiscal 2008 and 2009 were derived from our unaudited consolidated financial statements that are included elsewhere in this prospectus. The unaudited consolidated financial statements include, in the opinion of management, all adjustments, consisting only of normal recurring adjustments, that management considers necessary for the fair presentation of the financial information set forth in those statements. The historical results presented below are not necessarily indicative of financial results to be achieved in future periods, and the results for the first six months of fiscal 2009, are not necessarily indicative of results to be expected for the full year or for any other period.

	Fiscal Year[1]					Six Months Ended	
	2004	2005	2006	2007	2008	June 29, 2008	June 28, 2009
	(in thousands, except per share amounts)						
Consolidated Statement of Operations Data:							
Revenue							
Product	$ 19,479	$ 32,943	$ 59,469	$ 70,131	$ 94,587	$ 44,779	$ 43,777
Services	8,537	25,469	39,590	74,152	105,292	47,767	65,046
Ratable product and services	10,717	21,403	24,407	11,083	11,912	5,765	6,716
Total revenue	38,733	79,815	123,466	155,366	211,791	98,311	115,539
Cost of revenue							
Product[2]	11,537	14,159	24,166	35,948	41,397	19,791	18,621
Services[2]	3,743	6,625	9,496	15,941	19,441	9,767	10,405
Ratable product and services	4,489	6,760	7,302	4,763	4,634	2,220	2,607
Total cost of revenue	19,769	27,544	40,964	56,652	65,472	31,778	31,633
Gross profit							
Product	7,942	18,784	35,303	34,183	53,190	24,988	25,156
Services	4,794	18,844	30,094	58,211	85,851	38,000	54,641
Ratable product and services	6,228	14,643	17,105	6,320	7,278	3,545	4,109
Total gross profit	18,964	52,271	82,502	98,714	146,319	66,533	83,906
Operating expenses							
Research and development[2]	14,542	17,398	21,446	27,588	37,035	18,229	20,410
Sales and marketing[2]	35,668	40,761	54,056	72,159	87,717	44,466	46,104
General and administrative[2]	7,603	13,481	12,997	20,544	16,640	8,404	9,188
Patent dispute settlement (recovery)[3]	20,000	(5,000)	—	—	—	—	—
Total operating expenses	77,813	66,640	88,499	120,291	141,392	71,099	75,702
Operating income (loss)	(58,849)	(14,369)	(5,997)	(21,577)	4,927	(4,566)	8,204
Interest income	664	1,610	2,376	3,507	2,614	1,277	1,249
Other income (expense), net	(330)	(465)	(503)	(1,991)	1,710	(704)	212
Income (loss) before income taxes	(58,515)	(13,224)	(4,124)	(20,061)	9,251	(3,993)	9,665
Provision for income taxes	464	939	1,220	1,781	1,888	1,094	1,315
Net income (loss)	$ (58,979)	$ (14,163)	$ (5,344)	$ (21,842)	$ 7,363	$ (5,087)	$ 8,350
Deemed dividend on convertible preferred stock[4]	(1,012)	—	—	—	—	—	(9,266)
Net income (loss) attributable to common stockholders	$ (59,991)	$ (14,163)	$ (5,344)	$ (21,842)	$ 7,363	$ (5,087)	$ (916)
Net income (loss) per share:							
Basic	$ (3.62)	$ (0.79)	$ (0.28)	$ (1.13)	$ 0.37	$ (0.26)	$ (0.04)
Diluted	$ (3.62)	$ (0.79)	$ (0.28)	$ (1.13)	$ 0.11	$ (0.26)	$ (0.04)
Weighted-average shares outstanding:							
Basic	16,594	18,029	18,861	19,276	20,017	19,578	20,770
Diluted	16,594	18,029	18,861	19,276	67,122	19,578	20,770
Pro-forma net income (loss) per share attributable to common stockholders (unaudited):							
Basic					$ 0.13		$ (0.02)
Diluted					$ 0.11		$ (0.02)
Pro-forma weighted-average shares outstanding used in calculating net income (loss) per share (unaudited):							
Basic					57,493		58,246
Diluted					67,122		58,246

(1) Our fiscal years ended on December 31, 2004, January 1, 2006, December 31, 2006, December 30, 2007 and December 28, 2008.

(2) Includes stock-based compensation expense as follows:

	Fiscal Year					Six Months Ended	
	2004	2005	2006	2007	2008	June 29, 2008	June 28, 2009
				(in thousands)			
Cost of product revenue	$ —	$ —	$ 99	$ 553	$ 67	$ 27	$ 51
Cost of services revenue	—	—	52	416	400	172	296
Research and development	6	4	135	1,452	1,049	428	876
Sales and marketing	17	115	354	3,928	2,512	1,220	1,336
General and administrative	83	113	414	2,983	1,271	575	784
Total stock-based compensation	$106	$232	$ 1,054	$ 9,332	$ 5,299	$ 2,422	$ 3,343

(3) See “Business—Legal Proceedings.”

(4) This amount relates to the repurchase of convertible preferred stock (see Note 10 to Notes to Consolidated Financial Statements) during the first six months of fiscal 2009. The repurchase amount per share over the carrying value per share of the convertible preferred stock is considered similar to a dividend paid and thus the total amount is subtracted from net income to arrive at earnings available to common stockholders when deriving earnings per share. In 2004, we extended the expiration date of certain warrants to purchase Series E convertible preferred stock. The incremental fair value of the warrants related to the extension is treated as a dividend and combined with net loss to arrive at net loss attributable to common stockholders.

	As of Fiscal Year End					As of	
	2004	2005	2006	2007	2008	June 29, 2008	June 28, 2009
				(in thousands)			
Consolidated Balance Sheet Data:							
Cash, cash equivalents and short-term investments	$ 49,596	$ 60,926	$ 64,041	$ 90,161	$ 124,190	$ 104,843	$ 136,422
Working capital	7,515	8,069	12,399	12,862	34,723	12,182	31,631
Total assets	80,233	102,383	109,311	145,192	199,105	166,640	210,568
Deferred revenue, current and long-term	47,520	74,504	93,376	131,255	171,617	153,179	185,069
Current and long-term debt	—	—	—	—	—	—	—
Convertible preferred stock	83,757	94,368	94,368	94,368	94,368	94,368	81,600
Common stock including additional paid-in capital	1,160	1,937	4,087	13,438	20,854	17,051	25,193
Total stockholders’ equity (deficit)	452	(4,023)	(7,217)	(18,925)	(5,229)	(20,367)	(7,809)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations together with the consolidated financial statements and related notes that are included elsewhere in this prospectus. This discussion contains forward looking statements based upon current expectations that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward looking statements as a result of various factors, including those set forth under "Risk Factors" or in other parts of this prospectus.

Business Overview

We are a leading provider of network security appliances and the market leader in UTM network security solutions. We provide broad, integrated and high performance protection against dynamic security threats while simplifying the IT security infrastructure for enterprises, service providers and government entities worldwide. We lead the UTM appliance market with a 13.9% share for the first quarter of 2009, as determined by IDC.[(1)] Based on IDC data, the UTM market is the fastest growing segment within the network security market, which was $6.8 billion in 2007.[(2)] Customer demand for our solutions has enabled us to consistently achieve strong growth every year since first shipping product in 2002. As of June 28, 2009, we had shipped over 450,000 appliances to more than 5,000 channel partners and 75,000 end-customers worldwide, including a majority of the 2009 Fortune Global 100.

Our core UTM product line of FortiGate appliances ships with a set of security and networking capabilities, including firewall, VPN, antivirus, intrusion prevention, Web filtering, antispam and WAN acceleration functionality. We derive a substantial majority of product sales from our FortiGate appliances, which range from the FortiGate-30 designed for small businesses and branch offices to the FortiGate-5000 series for large enterprises and service providers. Sales of FortiGate products have been balanced across entry-level (FortiGate-30 to -100 series), mid-range (FortiGate-200 to -800 series) and high-end (FortiGate-1000 to -5000 series) models with each product category representing approximately a third of FortiGate sales for each of the last three fiscal years. Our UTM solution also includes our FortiGuard security subscription services, which end-customers can subscribe to in order to obtain access to dynamic updates to the antivirus, intrusion prevention, Web filtering and antispam functionality included in our appliances. End-customers can also choose to purchase FortiCare technical support services for our products. We complement our core FortiGate product line with other appliances and software that offer additional protection from security threats to other critical areas of the enterprise, such as messaging, Web-based traffic and databases, and employee computers or handheld devices.

Our total revenue has increased from $38.7 million in fiscal 2004 to $211.8 million in fiscal 2008 and was $115.5 million for the first six months of fiscal 2009. We ended the first six months of fiscal 2009 with $136.4 million in cash, cash-equivalents and short-term investments and have had positive cash flow from operations every fiscal year since 2005. We achieved profitability in the third quarter of fiscal 2008 and have remained profitable each quarter since.

Our Business Model

Our sales strategy is based on a distribution model whereby we primarily sell our products and services directly to distributors who sell to resellers and service providers, who, in turn, sell to our end-customers. In certain cases, we sell directly to government-focused resellers, very large service providers and major systems integrator partners who have large purchasing power and unique customer deployment requirements. Typically, FortiGuard security subscription services and FortiCare technical support services are purchased along with our appliances. We invoice at the time of our sale for the total price of the products and subscription and support

(1) IDC Worldwide Security Appliances Tracker, June 2009.

(2) "Worldwide Network Security 2008-2012 Forecast and 2007 Vendor Shares: Transitions—Appliances Are More Than Meets the Eye," Doc #214246, October 2008.

services, and the invoice generally becomes payable within thirty to sixty days. We generally recognize product revenue up-front but defer revenue based on the sale of new and renewal subscription and support services contracts and recognize related services revenue over the service period, which is typically one year from the date of registration by the end-customer. As a result, our sales of new and renewal services increase our deferred revenue balance, which contributes significantly to our positive cash flow from operations. As discussed below, we view deferred revenue and cash flow from operations as key financial metrics. As of June 28, 2009, our deferred revenue balance was $185.1 million and our cash flow from operations for the first six months of fiscal 2009 was $29.9 million. Services revenue provides a source of recurring revenue for us, representing 49.7% of total revenue for fiscal year 2008 and 56.3% of total revenue for the first six months of fiscal 2009, and is important to our future revenue and profitability.

We are a global, geographically diversified business, with more than 60% of our total revenue generated outside of the Americas region since fiscal 2006. For the first six months of fiscal 2009, 36% of our total revenue was generated from the Americas, 38% from EMEA, and 26% from APAC. We sell globally in U.S. dollars, while our international expenses are denominated in local currencies.

Key Metrics

We monitor the key financial metrics set forth below to help us evaluate growth trends, establish budgets, measure the effectiveness of our sales and marketing efforts and assess operational efficiencies. We discuss revenue, gross margin, and the components of operating income and margin below under "—Components of Operating Results" and we discuss our cash, cash equivalents and short-term investments under "—Liquidity and Capital Resources." Deferred revenue and cash flow from operations are discussed immediately below the table.

	Fiscal Year or as of Fiscal Year End			Six Months Ended or as of	
	2006	2007	2008	June 29, 2008	June 28, 2009
	(dollars in thousands)				
Revenue	$123,466	$155,366	$211,791	$ 98,311	$115,539
Gross margin	66.8%	63.5%	69.1%	67.7%	72.6%
Operating income (loss)[1]	$ (5,997)	$ (21,577)	$ 4,927	$ (4,566)	$ 8,204
Operating margin	(4.9)%	(13.9)%	2.3%	(4.6)%	7.0%
Total deferred revenue	$ 93,376	$131,255	$171,617	$153,179	$185,069
Increase in total deferred revenue	18,872	37,879	40,362	21,924	13,452
Cash, cash equivalents and short-term investments	64,041	90,161	124,190	104,843	136,422
Cash flow from operations	3,409	27,669	37,686	15,843	29,893
(1) Includes stock-based compensation expense:	1,054	9,332	5,299	2,422	3,343

Deferred revenue. Our deferred revenue consists of amounts that have been invoiced but that have not yet been recognized as revenue. The majority of our deferred revenue balance consists of the unamortized portion of services revenue from subscription and support service contracts. We monitor our deferred revenue balance because it represents a significant portion of revenue to be recognized in future periods. We also assess the increase in our deferred revenue balance plus revenue we recognized in a particular period as a measure of our sales activity for that period.

Cash flow from operations. We monitor cash flow from operations as a measure of our overall business performance. Our cash flow from operations is driven in large part by advance payments for both new and renewal contracts for subscription and support services. Monitoring cash flow from operations enables us to analyze our financial performance without the non-cash effects of certain items such as depreciation, amortization and stock-based compensation expenses, thereby allowing us to better understand and manage the

cash needs of our business. Our cash flow from operations was $3.4 million in each of fiscal 2005 and 2006, $27.7 million in fiscal 2007 and $37.7 million in fiscal 2008. For the first six months of fiscal 2009, our cash flow from operations was $29.9 million.

Components of Operating Results

Revenue

We derive our revenue from sales of our products and subscription and support services. We recognize our revenue in accordance with the guidance in Statement of Position, or SOP 97-2, *Software Revenue Recognition* and SOP 98-9, *Modification of SOP 97-2, Software Revenue Recognition, With Respect to Certain Transactions* which is discussed in further detail in "—Critical Accounting Policies and Estimates—Revenue Recognition" below. According to SOP 97-2, revenue is recognized when persuasive evidence of an arrangement exists, delivery has occurred, the price is fixed or determinable and collection is probable.

Our total revenue is comprised of the following:

- *Product revenue*. Product revenue is generated from sales of our appliances and software. The substantial majority of our product revenue has been generated by our FortiGate line of appliances and we do not expect this to change in the foreseeable future. Product revenue also includes revenue derived from sales of FortiManager, FortiAnalyzer, FortiMail, FortiDB, FortiWeb and FortiScan appliances, and our FortiClient and virtual domain, or VDOM, software. We generally recognize revenue for products sold to distributors through the "sell-in" method upon shipment to the distributor and, for "sell-through" distributors, upon sale to their end-customer. As a percentage of total revenue, we expect our product revenue may remain at comparable levels or decline modestly in the near term, as services revenue becomes a larger portion of our business as we renew existing services contracts and expand our customer base.
- *Services revenue*. Services revenue is generated primarily from FortiGuard security subscription services related to antivirus, intrusion prevention, Web filtering and antispam updates and FortiCare technical support services for software updates, maintenance releases and patches, Internet access to technical content, telephone and Internet access to technical support personnel and hardware support. We recognize revenue from subscription and support services over the service performance period. Our typical contractual support and subscription term is one year from the date of registration. We also generate a small portion of our revenue from professional services and training services and we recognize this revenue upon completion of the project. As a percentage of total revenue, we expect our services revenue may remain at comparable levels or increase in the near term as we renew existing services contracts and expand our customer base.
- *Ratable product and services revenue*. Ratable product and services revenue is generated from sales of our products and services in cases where the fair value of the services being provided cannot be segregated from the value of the entire sale. In these cases, the value of the entire sale is deferred and recognized ratably over the life of the service performance period. See "—Critical Accounting Policies and Estimates—Revenue Recognition." In fiscal 2008 and for the first six months of fiscal 2009, ratable product and service revenue represented approximately six percent of total revenue and we do not expect this percentage to change significantly in the near future.

Cost of revenue

Our total cost of revenue is comprised of the following:

- *Cost of product revenue.* A substantial majority of the cost of product revenue consists of third-party manufacturing costs. Our cost of product revenue also includes product testing costs, write-offs for excess and obsolete inventory, royalty payments, amortization and any impairment of acquired intangible assets, warranty costs, shipping and allocated facilities costs, stock-based compensation

costs, and personnel costs associated with logistics and quality control. Personnel costs include cash-based personnel costs such as salaries, benefits and bonuses. Royalty payments reflect payments we have made to Trend Micro since 2006, which Trend Micro claims are owed through 2015, as discussed in "Business—Legal Proceedings." For fiscal 2008 and the first six months of fiscal 2009, these royalty payments represented approximately one percent of total revenue and, if such payments were made in accordance with the terms of the 2006 settlement agreement with Trend Micro, we would not expect this to increase substantially in the foreseeable future.

- *Cost of services revenue.* Cost of services revenue is primarily comprised of cash-based personnel costs associated with our FortiGuard Global Threat Research Team and our technical support, professional services and training teams, as well as depreciation, supplies, data center, data communications, facility-related costs and stock-based compensation costs. We expect our cost of services revenue will increase as we continue to invest in subscription and support services to meet the needs of our growing customer base.
- *Cost of ratable product and services revenue*. Cost of ratable product and services revenue is comprised primarily of deferred product costs and an allocation of services-related costs.

Gross profit. Gross profit as a percentage of revenue, or gross margin, has been and will continue to be affected by a variety of factors, including the average sales price of our products, any excess inventory write-offs, manufacturing costs, the mix of products sold and the mix of revenue between products and services. We believe our overall gross margin for the near term may be relatively flat or decrease modestly compared to that achieved in the first six months of fiscal 2009.

Services revenue has increased as a percentage of total revenue since inception and this trend has had a positive effect on our total gross margin given the higher services gross margins compared to product gross margins. Our services gross margins have been increasing, but we do not expect these margins to continue to increase substantially in the future.

Operating expenses. Our operating expenses consist of research and development, sales and marketing and general and administrative expenses. Personnel costs are the most significant component of operating expenses and consist of cash-based personnel costs such as salaries, benefits, bonuses and, with regard to the sales and marketing expense, sales commissions. They also include non-cash stock-based compensation. We expect personnel costs to continue to increase in absolute dollars as we hire new employees.

- *Research and development.* Research and development expense consists primarily of cash-based personnel costs. Additional research and development expenses include ASIC and system prototypes and certification-related expenses, depreciation of capital equipment, facility-related expenses and stock-based compensation expenses. The majority of our research and development is focused on both software development and the ongoing development of our hardware platform. We record all research and development expenses as incurred, except for capital equipment which is depreciated over time. Our development teams are primarily located in Canada, China, and California. We expect our spending for research and development to increase in absolute dollars but intend for research and development expenses to remain comparable to recent periods as a percentage of total revenue.
- *Sales and marketing*. Sales and marketing expense is the largest component of our operating expenses and primarily consists of cash-based personnel costs. Additional sales and marketing expenses include stock-based compensation, promotional and other marketing expenses, travel, depreciation of capital equipment and facility-related expenses. We intend to hire additional personnel focused on sales and marketing and expand our sales and marketing efforts worldwide in order to add new customers and increase penetration within our existing customer base. Accordingly, we expect sales and marketing expenses to increase in absolute dollars and to continue to be our largest operating expense.
- *General and administrative*. General and administrative expenses consist of cash-based personnel costs as well as professional fees, stock-based compensation, depreciation of capital equipment and software,

and facility-related expenses. General and administrative personnel include our executive, finance, human resources, information technology and legal organizations. Our professional fees principally consist of outside legal, auditing, accounting, information technology and other consulting costs. We expect that general and administrative expense will increase in absolute dollars as we hire additional personnel, make improvements to our information technology infrastructure and incur significant additional costs for the compliance requirements of operating as a public company, including the costs associated with SEC reporting, Sarbanes-Oxley Act compliance and insurance.

Interest income. Interest income consists of income earned on our cash, cash equivalents and investments. We have historically invested our cash in money-market funds and other short-term, high-grade investments.

Other income (expense), net. Other income (expense), net consists primarily of foreign exchange gains and losses. Foreign exchange gains and losses relate to transactions denominated in currencies other than the functional currency of the associated entity.

Provision for income taxes. We are subject to tax in the United States as well as other tax jurisdictions or countries in which we conduct business. Earnings from our non-U.S. activities are subject to local country income tax and may be subject to current U.S. income tax.

Our effective tax rates differ from the statutory rate primarily due to the valuation allowance on our deferred taxes, state taxes, foreign taxes, research and development tax credits and nondeductible compensation. For periods subsequent to the date on which we fully reverse our deferred tax asset valuation allowance, we expect that our effective tax rate will approximate the U.S. federal statutory tax rates plus the impact of state taxes.

As of December 31, 2008, we had $49.7 million of federal and $33.4 million of state net operating loss carry-forwards available to reduce future taxable income. These net operating loss carry-forwards begin to expire in 2021 and 2012 for federal and state tax purposes, respectively. Our ability to use our net operating loss carry-forwards to offset any future taxable income could be subject to limitations attributable to equity transactions that would result in a change of ownership as defined by Section 382 of the Internal Revenue Code of 1986, as amended, or the Internal Revenue Code. In addition, the State of California has suspended the ability of companies to utilize net operating losses to offset 2008 and 2009 state taxable income which has resulted in a higher effective state tax rate.

Our net deferred tax assets consist primarily of net operating loss carry-forwards generated before we achieved profitability. Recognition of deferred tax assets is appropriate when realization of such assets is more likely than not. Based upon the weight of available evidence, which includes our historical operating performance and the recorded domestic cumulative net losses in all periods prior to fiscal 2008, we have provided a full valuation allowance against our U.S. deferred tax assets. We intend to maintain valuation allowances until sufficient evidence exists to support the reversal of the valuation allowances. We make estimates and judgments about our future taxable income that are based on assumptions that are consistent with our plans and estimates. Should the actual amounts differ from our estimates, the amount of our valuation allowance could be materially impacted. Any adjustment to the deferred tax asset valuation allowance would be recorded in the income statement of the periods that the adjustment is determined to be required.

Under current tax law, if cash and cash equivalents and investments held outside the United States are distributed to the United States in the form of dividends or otherwise, we may be subject to additional U.S. income taxes (subject to an adjustment for foreign tax credits) and foreign withholding taxes.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based upon our financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles. These principles require us to make estimates and judgments that affect the reported amounts of assets, liabilities,

revenue and expenses, cash flow and related disclosure of contingent assets and liabilities. Our estimates include those related to revenue recognition, stock-based compensation, valuation of inventory, warranty liabilities and accounting for income taxes. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Actual results may differ from these estimates. To the extent that there are material differences between these estimates and our actual results, our future financial statements will be affected.

We believe that of our significant accounting policies, which are described in Note 1 to the financial statements included in this prospectus, the following accounting policies involve a greater degree of judgment and complexity. Accordingly, we believe these are the most critical to fully understand and evaluate our financial condition and results of operations.

Revenue Recognition

We derive revenue from sales of products, including appliances and software, and services, including subscription, support and other services. Our appliances include operating system software that is integrated into the appliance hardware and is deemed essential to its functionality. As a result, we account for revenue in accordance with Statement of Position, or SOP 97-2, *Software Revenue Recognition*, and all related interpretations.

No revenue can be recognized until all of the following criteria have been met:

- *Persuasive evidence of an arrangement exists.* Binding contracts or purchase orders are generally used to determine the existence of an arrangement.
- *Delivery has occurred.* Delivery occurs when we fulfill an order and title and risk of loss has been transferred or upon delivery of the service contract registration code.
- *The fee is fixed or determinable.* We assess whether the fee is fixed or determinable based on the payment terms associated with the transaction. In the event payment terms differ from our standard business practices, the fees are deemed to be not fixed or determinable and revenue is recognized when the payments become due, provided the remaining criteria for revenue recognition have been met.
- *Collectibility is probable.* We assess collectibility based primarily on creditworthiness as determined by credit checks and analysis, as well payment history. Payment terms generally range from thirty to sixty days from invoice date.

We recognize product revenue on sales to distributors that have no right of return and end-customers upon shipment of the appliance, once all other revenue recognition criteria have been met. We also make sales through distributors under agreements that allow for rights of returns. We recognize product revenue on sales made through such distributors upon sale by the distributor to the end-customer, at which time rights of return generally lapse. Substantially all of our products have been sold in combination with subscription or support services. Subscription services provide access to our antivirus, intrusion prevention, Web filtering, and antispam functionality. Support services include rights to unspecified software upgrades, maintenance releases and patches, telephone and Internet access to technical support personnel, and hardware support.

We commence our subscription and support services on the date the customer registers the appliance. The customer is then entitled to service for the stated contractual period beginning on the registration date.

We use the residual method to recognize revenue when an arrangement includes one or more elements to be delivered at a future date and vendor-specific objective evidence (VSOE) of the fair value of all undelivered elements exists. Under the residual method, the fair value of the undelivered elements is deferred and the remaining portion of the contract fee is recognized as product revenue. In cases where VSOE of fair value of the undelivered elements does not exist, typically for subscription and support services, revenue for the entire

arrangement is recognized ratably over the performance period of the undelivered elements. Revenue related to these arrangements is included in ratable product and services revenue in the accompanying consolidated statements of operations. VSOE of fair value for elements of an arrangement is based upon the pricing for those services when sold separately. Revenue for professional services and training is recognized upon completion of the related services.

Stock-Based Compensation

Our stock-based compensation expense is as follows:

	Fiscal Year			Six Months Ended	
	2006	2007	2008	June 29, 2008	June 28, 2009
			(in thousands)		
Cost of product revenue	$ 99	$ 553	$ 67	$ 27	$ 51
Cost of services revenue	52	416	400	172	296
Research and development	135	1,452	1,049	428	876
Sales and marketing	354	3,928	2,512	1,220	1,336
General and administrative	414	2,983	1,271	575	784
Total stock-based compensation	$1,054	$9,332	$ 5,299	$2,422	$3,343

Prior to January 2, 2006, we accounted for stock-based awards to employees using the intrinsic value method in accordance with Accounting Principles Board Opinion 25 (“APB 25”), *Accounting for Stock Issued to Employees* and Financial Accounting Standards Board, or FASB, Interpretation 44 and *Accounting for Certain Transactions involving Stock Compensation—an interpretation of APB 25*, and we had adopted the disclosure-only provisions of Statement of Financial Accounting Standard 123 (“SFAS 123”). Effective January 2, 2006, we adopted SFAS 123R, *Share-Based Payments*, which revised SFAS 123 and superseded APB 25, and so, with respect to our stock option grants made subsequent to January 2, 2006, we have accounted for such stock-based awards to employees in accordance with SFAS 123R which requires compensation expense related to share- based transactions, including employee stock options, to be measured and recognized in the financial statements based on a determination of the fair value of the stock options. The grant date fair value is determined using the Black-Scholes-Merton (“Black-Scholes”) pricing model.

We adopted SFAS 123R using the prospective method, in which non-public entities that previously applied SFAS 123 using the minimum value method, whether for financial statement recognition or pro forma disclosure purposes, would continue to account for unvested stock options outstanding at the date of adoption of SFAS 123R in the same manner as they had been accounted for prior to the adoption of SFAS 123R. We will continue to apply APB 25 in future periods to stock options issued and outstanding at January 2, 2006.

For all employee stock options, we recognize expense over the requisite service period using the straight-line method.

The Black-Scholes pricing model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable; characteristics not present in our option grants. Existing valuation models, including the Black-Scholes model, may not provide reliable measures of the fair values of our stock-based compensation. Consequently, there is a risk that our estimates of the fair values of our stock-based compensation awards on the grant dates may bear little resemblance to the actual values realized upon exercise. Stock options may expire or otherwise result in zero intrinsic value as compared to the fair values originally estimated on the grant date and reported in our financial statements. Alternatively, value may be realized from these instruments that are significantly higher than the fair values originally estimated on the grant date and reported in our financial statements.

As of the end of fiscal years 2006, 2007 and 2008, there was approximately $3.2 million, $4.1 million and $13.6 million, respectively, of unrecognized stock-based compensation expense related to non-vested stock option awards, net of estimated forfeitures, that we expect to be recognized over a weighted-average period of 1.72, 1.47 and 2.77 years, respectively.

For the period from January 2, 2006 through December 31, 2006 and for fiscal years 2007 and 2008, we calculated the fair value of options granted using the Black-Scholes pricing model with the following assumptions:

	Fiscal Year		
	2006	2007[1]	2008
Volatility	60 - 63%	49%	44 - 47%
Expected term, in years	6.0 - 6.1	6.1	4.5 - 4.6
Dividend yield	—	—	—
Risk-free interest rate	4.3 - 5.1%	4.9%	2.3 - 3.3%

(1) There was only one grant date in fiscal 2007.

The table below summarizes all stock option grants since the beginning of fiscal 2008 through the date of this prospectus:

Grant Date	Number of Options Granted	Common Stock Fair Value Per Share at Grant Date	Exercise Price
February 7, 2008	3,536,644	$ 6.92	$ 7.47
April 23, 2008	2,229,510	6.19	7.47
July 31, 2008	902,500	6.47	7.47
October 21, 2008	563,475	6.32	7.47
January 28, 2009	3,167,218	6.61	7.47
April 30, 2009	336,975	7.25	7.68
July 22, 2009	295,465	9.05	9.30

In order to determine the fair value of our common stock on the date of grant under SFAS 123R, we have considered valuations of our common stock utilizing the discounted cash flow method, the comparable company method and the comparative transaction method. In allocating the total equity value between preferred and common stock, we assumed that the preferred stock would convert to common stock. Additionally, each valuation utilizes the probability-weighted method and the option-pricing method for allocating the total equity value between preferred and common stock.

The significant input assumptions used in the valuation model are based on subjective future expectations combined with management judgment, including:

Assumptions utilized in the discounted cash flow method are:

- our expected revenue, operating performance, cash flow and EBITDA for the current and future years, determined as of the valuation date based on our estimates;
- a discount rate, which is applied to discretely forecasted future cash flows in order to calculate the present value of those cash flows; and
- a terminal value multiple, which is applied to our last year of discretely forecasted EBITDA to calculate the residual value of our future cash flows.

Assumptions utilized in the comparable company method are:

- our expected revenue, operating performance, cash flow and EBITDA for the current and future years, determined as of the valuation date based on our estimates;

- multiples of market value to trailing twelve months revenue, determined as of the valuation date, based on a group of comparable public companies we identified; and
- multiples of market value to expected future revenue, determined as of the valuation date, based on the group of comparable public companies that we identified.

Assumptions utilized in the comparable transaction method are:

- our historical revenue and EBITDA for the twelve months prior to the valuation date; and
- multiples based on the final transaction values for comparable companies that were sold or acquired compared to their revenue prior to the acquisition date.

Our board of directors has historically set the exercise price of stock options based on a price per share not less than the estimated fair market value of our common stock on the date of grant. Our board has taken into consideration numerous objective and subjective factors to determine the fair market value of our common stock on each grant date in order to be able to set exercise prices at or above the fair market value. Such factors included, but were not limited to, (i) valuations using the methodologies described above, (ii) our operating and financial performance, (iii) the lack of liquidity of our capital stock and the likelihood of achieving a liquidity event given then-current market conditions and trends in the broader security and networking markets and other similar technology stocks and, (iv) during the recent economic downturn, the benefits of preserving relative consistency of exercise prices during periods characterized by decreasing market values.

In January 2007, our board of directors extended the exercise period of vested stock options to April 30, 2008 for certain terminated employees. This extension was a modification under SFAS 123R, resulting in incremental expense. In accordance with SFAS 123R and EITF 00-19, *Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company's Own Stock* ("EITF 00-19"), we classified the options as liability awards at the time of modification as the option exercises would likely require the issuance of shares to be registered. Accordingly, at the end of each quarter in the year ended December 30, 2007, we determined the fair value of these options utilizing the Black-Scholes valuation model and changes in fair value of the options are included in stock-based compensation. During the year ended December 30, 2007, we recorded $7.6 million of stock-based compensation expense related to the modification.

In connection with the SEC's adoption of Rule 12h-1 in December 2007, the liability awards were reclassified into equity as we determined that we were no longer required to register the issuance of shares to settle the awards. As a result of the reclassification, $6.1 million was reclassified from current liabilities to additional paid-in-capital.

Valuation of Inventory

Inventory is recorded at the lower of cost (using the first-in, first-out method) or market, after we give appropriate consideration to obsolescence and inventory in excess of anticipated future demand. In assessing the ultimate recoverability of inventory, we are required to make estimates regarding future customer demand, the timing of new product introductions, economic trends and market conditions. If the actual product demand is significantly lower than forecasted, we could be required to record additional inventory write-downs which would be charged to cost of product revenue. Any write-downs could have an adverse impact on our gross margins and profitability. During the second half of fiscal 2007, we wrote-off $6.3 million of excess inventory.

Warranty Liabilities

We generally provide a one-year warranty on hardware products and a 90-day warranty on software. A provision for estimated future costs related to warranty activities is charged to cost of product revenue based upon historical product failure rates and historical costs incurred in correcting product failures. If we experience an increase in warranty claims compared with our historical experience, or if the cost of servicing warranty claims is greater than expected, our gross margin could be adversely affected.

Accounting for Income Taxes

We record income taxes using the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in our financial statements or tax returns. In estimating future tax consequences, generally all expected future events other than enactments or changes in the tax law or rates are considered. Valuation allowances are provided when necessary to reduce deferred tax assets to the amount expected to be realized.

We operate in various tax jurisdictions and are subject to audit by various tax authorities. We provide for tax contingencies whenever it is deemed probable that a tax asset has been impaired or a tax liability has been incurred for events such as tax claims or changes in tax laws. Tax contingencies are based upon their technical merits, relevant tax law and the specific facts and circumstances as of each reporting period. Changes in facts and circumstances could result in material changes to the amounts recorded for such tax contingencies.

On January 1, 2007, we adopted Financial Accounting Standards Board (FASB) Interpretation No. 48, *Accounting for Uncertainty in Income Taxes—an interpretation of FASB Statement No. 109* (FIN 48), which supplements FASB Statement No. 109 by defining the confidence level that a tax position must meet in order to be recognized in the financial statements. FIN 48 requires that the tax effects of a position be recognized only if it is "more likely than not" to be sustained based solely on its technical merits as of the reporting date. We consider many factors when evaluating and estimating our tax positions and tax benefits, which may require periodic adjustments and which may not accurately anticipate actual outcomes.

With the adoption of FIN 48, companies are required to adjust their financial statements to reflect only those tax positions that are more likely than not to be sustained. Any necessary adjustment would be recorded directly to retained earnings and reported as a change in accounting principle as of the date of adoption. FIN 48 prescribes a comprehensive model for the financial statement recognition, measurement, presentation and disclosure of uncertain tax positions taken or expected to be taken in income tax returns. The adoption of FIN 48 did not have a material impact on our consolidated financial statements.

As part of the process of preparing our consolidated financial statements, we are required to estimate our taxes in each of the jurisdictions in which we operate. We estimate actual current tax exposure together with assessing temporary differences resulting from differing treatment of items, such as accruals and allowances not currently deductible for tax purposes. These differences result in deferred tax assets, which are included in our consolidated balance sheets. In general, deferred tax assets represent future tax benefits to be received when certain expenses previously recognized in our consolidated statements of operations become deductible expenses under applicable income tax laws, or loss or credit carryforwards are utilized.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Due to the uncertainty surrounding our ability to realize such deferred tax assets, a full valuation allowance has been established, except with respect to deferred tax assets related to certain foreign operations.

We make estimates and judgments about our future taxable income that are based on assumptions that are consistent with our plans and estimates. Should the actual amounts differ from our estimates, the amount of our valuation allowance could be materially impacted. Any adjustment to the deferred tax asset valuation allowance would be recorded in the income statement for the periods in which the adjustment is determined to be required.

Results of Operations

The following tables set forth our results of operations for the periods presented and as a percentage of our total revenue for those periods. The period-to-period comparison of financial results is not necessarily indicative

of financial results to be achieved in future periods, and the results for the first six months of fiscal 2009 are not necessarily indicative of results to be expected for the full year or for any other period.

	Fiscal Year[1]			Six Months Ended	
	2006	2007	2008	June 29, 2008	June 28, 2009
			(in thousands)		
Consolidated Statement of Operations Data:					
Revenue					
Product	$ 59,469	$ 70,131	$ 94,587	$44,779	$ 43,777
Services	39,590	74,152	105,292	47,767	65,046
Ratable product and services	24,407	11,083	11,912	5,765	6,716
Total revenue	123,466	155,366	211,791	98,311	115,539
Cost of revenue					
Product	24,166	35,948	41,397	19,791	18,621
Services	9,496	15,941	19,441	9,767	10,405
Ratable product and services	7,302	4,763	4,634	2,220	2,607
Total cost of revenues	40,964	56,652	65,472	31,778	31,633
Gross profit					
Product	35,303	34,183	53,190	24,988	25,156
Services	30,094	58,211	85,851	38,000	54,641
Ratable product and services	17,105	6,320	7,278	3,545	4,109
Total gross profit	82,502	98,714	146,319	66,533	83,906
Operating expenses					
Research and development	21,446	27,588	37,035	18,229	20,410
Sales and marketing	54,056	72,159	87,717	44,466	46,104
General and administrative	12,997	20,544	16,640	8,404	9,188
Total operating expenses	88,499	120,291	141,392	71,099	75,702
Operating income (loss)	(5,997)	(21,577)	4,927	(4,566)	8,204
Interest income	2,376	3,507	2,614	1,277	1,249
Other income (expense), net	(503)	(1,991)	1,710	(704)	212
Income (loss) before income taxes	(4,124)	(20,061)	9,251	(3,993)	9,665
Provision for income taxes	1,220	1,781	1,888	1,094	1,315
Net income (loss)	$ (5,344)	$ (21,842)	$ 7,363	$ (5,087)	$ 8,350

(1) Our fiscal years ended on December 31, 2006, December 30, 2007 and December 28, 2008.

	Fiscal Year			Six Months Ended	
	2006	2007	2008	June 29, 2008	June 28, 2009
			(as % of revenue)		
Revenue					
Product	48.2%	45.1%	44.7%	45.5%	37.9%
Services	32.1%	47.7%	49.7%	48.6%	56.3%
Ratable product and services	19.7%	7.2%	5.6%	5.9%	5.8%
Total revenue	100.0%	100.0%	100.0%	100.0%	100.0%
Total cost of revenue	33.2%	36.5%	30.9%	32.3%	27.4%
Total gross profit	66.8%	63.5%	69.1%	67.7%	72.6%
Operating expenses					
Research and development	17.4%	17.8%	17.5%	18.5%	17.7%
Sales and marketing	43.8%	46.4%	41.4%	45.3%	39.9%
General and administrative	10.5%	13.2%	7.9%	8.5%	8.0%
Total operating expenses	71.7%	77.4%	66.8%	72.3%	65.6%
Operating income (loss)	(4.9)%	(13.9)%	2.3%	(4.6)%	7.0%
Interest income	1.9%	2.3%	1.3%	1.3%	1.1%
Other income (expense), net	(0.4)%	(1.3)%	0.8%	(0.8)%	0.2%
Income (loss) before provision for income taxes	(3.4)%	(12.9)%	4.4%	(4.1)%	8.3%
Provision for income taxes	1.0%	1.2%	0.9%	1.1%	1.1%
Net income (loss)	(4.4)%	(14.1)%	3.5%	(5.2)%	7.2%

First Six Months of Fiscal 2009 and 2008

Revenue

	Six Months Ended					
	June 29, 2008		June 28, 2009			
	Amount	% of Revenue	Amount	% of Revenue	Change	% Change
	(dollars in thousands)					
Revenue						
Product	$44,779	45.5%	$ 43,777	37.9%	$ (1,002)	(2.2)%
Services	47,767	48.6%	65,046	56.3%	17,279	36.2%
Ratable product and services	5,765	5.9%	6,716	5.8%	951	16.5%
Total revenue	$98,311	100.0%	$115,539	100.0%	$17,228	17.5%
Revenue by Geography						
Americas	$32,261	32.8%	$ 41,733	36.1%	$ 9,472	29.4%
EMEA	38,532	39.2%	44,304	38.3%	5,772	15.0%
APAC	27,518	28.0%	29,502	25.6%	1,985	7.2%
Total revenue	$98,311	100.0%	$115,539	100.0%	$17,229	17.5%

Total revenue increased $17.2 million, or 17.5%, in the first six months of fiscal 2009 compared to the same period in fiscal 2008, primarily due to growth in services revenue. The Americas region contributed the majority of this growth. Product revenue decreased $1.0 million, or 2.2%, in the first six months of fiscal 2009 compared to the same period in fiscal 2008. The decrease in product revenue was primarily driven by slightly lower product sales volume in the first six months of fiscal 2009 compared to 2008 which we believe may have been due to adverse global economic conditions. Product average sales prices and the product mix were relatively unchanged

from period to period. Services revenue increased $17.3 million, or 36.2%, in the first six months of fiscal 2009 compared to the same period in fiscal 2008 due to recognition of revenue from our growing deferred revenue balance consisting of subscription and support contracts sold to a larger customer base. The growth in ratable product and service revenue was due to a slight decrease in the weighted-average service period over which such revenue is being recognized.

Cost of revenue and gross margin

	Six Months Ended			
	June 29, 2008	June 28, 2009	Change	% Change
	(dollars in thousands)			
Cost of revenue				
Product	$19,791	$18,621	$(1,170)	(5.9)%
Services	9,767	10,405	638	6.5%
Ratable product and services	2,220	2,607	387	17.4%
Total cost of revenue	$31,778	$31,633	$ (145)	(0.5)%
Gross margin				
Product	55.8%	57.5%	1.7%	
Services	79.6%	84.0%	4.4%	
Ratable product and services	61.5%	61.2%	(0.3)%	
Total gross margin	67.7%	72.6%	4.9%	

Total gross margin increased 4.9 percentage points primarily due to the higher mix of services revenue in the first six months of fiscal 2009 compared to the same period in fiscal 2008. Product gross margin increased 1.7 percentage points in the first six months of fiscal 2009 compared to the same period in fiscal 2008 primarily due to lower warranty-related return costs which resulted in a savings of $2.2 million, partially offset by $0.9 million related to the impairment and amortization of intangible assets in the first six months of fiscal 2009. The 4.4 percentage point increase in services gross margin in the first six months of fiscal 2009 was primarily due to growth in services revenue resulting in a larger customer base to leverage our support cost structure. Service cost increased by $0.6 million primarily due to $0.5 million of higher cash-based personnel costs related to headcount increases in our professional services and training teams and, to a lesser degree, in our threat research centers. Ratable product and services gross margin was relatively unchanged in the period.

Operating Expenses

	Six Months Ended					
	June 29, 2008		June 28, 2009			
	Amount	% of Revenue	Amount	% of Revenue	Change	% Change
	(dollars in thousands)					
Operating expenses						
Research and development	$18,229	18.5%	$ 20,410	17.7%	$2,181	12.0%
Sales and marketing	44,466	45.3%	46,104	39.9%	1,638	3.7%
General and administrative	8,404	8.5%	9,188	8.0%	784	9.3%
Total operating expenses	$71,099	72.3%	$ 75,702	65.6%	$4,603	6.5%
Includes stock-based compensation of:						
Research and development	$ 428		$ 876		$ 448	
Sales and marketing	1,220		1,336		116	
General and administrative	575		784		209	
Total	$ 2,223		$ 2,996		$ 773	

Research and development expense

Research and development expense increased $2.2 million, or 12.0%, in the first six months of fiscal 2009 from the same period in fiscal 2008 primarily due to an increase of $1.5 million in cash-based personnel costs as we increased our headcount to support continued enhancements of our products. We also had an increase of $0.4 million in stock-based compensation expense, $0.1 million of increased rent and occupancy-related expenses and an increase of $0.1 million in depreciation expense.

Sales and marketing expense

For the first six months of fiscal 2009, sales and marketing expense increased $1.6 million, or 3.7%, primarily due to increased cash-based personnel costs of $1.0 million due to increased headcount primarily in the U.S., a $0.4 million increase in rent and occupancy-related expenses, a $0.2 million increase in promotional and other marketing-related expenses and a $0.1 million increase in stock-based compensation expense. These increases were partially offset by a $0.2 million decrease in the use of outside services, including third-party outsourced marketing services. As a percentage of revenue, sales and marketing expenses decreased 5.3 percentage points as we continued to increase the productivity of our sales force.

General and administrative expense

For the first six months of fiscal 2009, general and administrative expense increased $0.8 million, or 9.3%, primarily due to a $0.8 million increase in external legal and accounting-related services and a $0.2 million increase in stock-based compensation partially offset by a $0.3 million decrease in cash-based personnel costs.

Interest income and other income (expense), net

	Six Months Ended			
	June 29, 2008	June 28, 2009	Change	% Change
	(dollars in thousands)			
Interest income	$1,277	$1,249	$ (28)	(2.2)%
Other income (expense), net	(704)	212	914	*

* not meaningful

Despite higher balances of cash, cash equivalents and short-term investments during the first six months of fiscal 2009, lower interest rates resulted in approximately the same amount of interest income as the same period in fiscal 2008. The gain in the first six months of fiscal 2009 in other income (expense), net was due to an increase in foreign exchange gains primarily due to the strengthening of the U.S. dollar against the British pound and the Canadian dollar. The loss in the first six months of fiscal 2008 was primarily due to the weakening of the U.S. dollar against the Canadian dollar.

Provision for income taxes

	Six Months Ended			
	June 29, 2008	June 28, 2009	Change	% Change
	(dollars in thousands)			
Provision for income taxes	$1,094	$1,315	$ 221	20.2%
Effective tax rate	(27.4)%	13.6%	*	

* not meaningful

The effective tax rate was 13.6% for the first six months of fiscal 2009, compared with an effective tax rate of negative 27.4% for the first six months of fiscal 2008. The provision for income taxes for the first six months of fiscal 2009 is comprised of foreign income taxes, U.S. federal alternative minimum tax and state taxes. The provision for income taxes for the six months ended June 29, 2008 is comprised primarily of foreign and state income taxes. The increase in the effective tax rate for the first six months of fiscal 2009, compared with the first six months of fiscal 2008, was attributable to an increase in U.S. alternative minimum tax and an increase in state taxes due to improved results during the first six months of fiscal 2009.

Fiscal Years 2008 and 2007

Revenue

	Fiscal Year					
	2007		2008			
	Amount	% of Revenue	Amount	% of Revenue	Change	% Change
	(dollars in thousands)					
Revenue						
Product	$ 70,131	45.1%	$ 94,587	44.7%	$24,456	34.9%
Services	74,152	47.7%	105,292	49.7%	31,140	42.0%
Ratable product and services	11,083	7.2%	11,912	5.6%	829	7.5%
Total revenue	$155,366	100.0%	$211,791	100.0%	$56,425	36.3%
Revenue by Geography						
Americas	$ 55,461	35.7%	$ 75,367	35.6%	$19,906	35.9%
EMEA	54,722	35.2%	79,755	37.7%	25,033	45.7%
APAC	45,183	29.1%	56,669	26.7%	11,486	25.4%
Total revenue	$155,366	100.0%	$211,791	100.0%	$56,425	36.3%

Total revenue increased $56.4 million, or 36.3%, in fiscal 2008 primarily as a result of growth in sales in the EMEA and Americas regions. Product revenue increased $24.5 million, or 34.9%, in fiscal 2008 largely driven by increased sales of our higher-end products, consisting of our FortiGate-1000 to 5000 series, to large enterprises and service providers. This had the effect of increasing our average sales price, in addition to modest overall growth in sales volume. Services revenue increased $31.1 million, or 42.0%, due to an increase in our installed customer base. The modest growth in ratable product and services revenue was due to the incremental amortization of new ratable product and services sales.

Cost of revenue and gross margin

	Fiscal Year			
	2007	2008	Change	% Change
	(dollars in thousands)			
Cost of revenue				
Product	$35,948	$41,397	$5,449	15.2%
Services	15,941	19,441	3,500	22.0%
Ratable product and services	4,763	4,634	(129)	(2.7)%
Total cost of revenue	$56,652	$65,472	$8,820	15.6%
Gross margin				
Product	48.7%	56.2%	7.5%	
Services	78.5%	81.5%	3.0%	
Ratable product and services	57.0%	61.1%	4.1%	
Total gross margin	63.5%	69.1%	5.6%	

Total gross margin increased 5.6 percentage points in fiscal 2008 primarily due to improving product margins based on enhanced inventory management and a higher mix of services revenue. The 7.5 percentage point increase in product gross margin in fiscal 2008 was primarily due to a $6.3 million excess inventory write-off taken in fiscal 2007 which reduced product gross margin by approximately nine percentage points in fiscal 2007. The 3.0 percentage point increase in services gross margin in fiscal 2008 was primarily due to higher revenue and a larger customer base which enabled us to leverage our support cost structure. Services cost increased $3.5 million in fiscal 2008 primarily due to an increase of $2.5 million in cash-based personnel costs resulting from increased headcount in our threat research centers and in our technical support centers in both the EMEA and Americas regions. Additional costs included a $0.4 million increase in stock-based compensation expense and $0.5 million of higher facility-related expenses to support the additional staffing requirements. Ratable gross margin increased in accordance with the respective product and services gross margin increases.

Operating Expenses

	Fiscal Year					
	2007		2008			
	Amount	% of Revenue	Amount	% of Revenue	Change	% Change
	(dollars in thousands)					
Operating expenses						
Research and development	$ 27,588	17.8%	$ 37,035	17.5%	$ 9,447	34.2%
Sales and marketing	72,159	46.4%	87,717	41.4%	15,558	21.6%
General and administrative	20,544	13.2%	16,640	7.9%	(3,904)	(19.0)%
Total operating expenses	$120,291	77.4%	$141,392	66.8%	$21,101	17.5%
Includes stock-based compensation of:						
Research and development	$ 1,452		$ 1,049		$ (403)	
Sales and marketing	3,928		2,512		(1,416)	
General and administrative	2,983		1,271		(1,712)	
Total	$ 8,363		$ 4,832		$ (3,531)	

The higher stock-based compensation expense in fiscal 2007 was primarily due to the remeasurement of the vested portion of certain option grants associated with extending the exercise period for employees that had terminated their employment with us. See “—Critical Accounting Policies and Estimates—Stock-Based Compensation.”

Research and development expense

Research and development expense increased $9.4 million, or 34.2%, in fiscal 2008 primarily due to an increase of $8.1 million in cash-based personnel costs as a result of increased headcount, an increase of $0.7 million in higher external test and certification costs and an increase of $0.7 million for rent and occupancy-related expenses. These increases were partially offset by a $0.4 million decrease in stock-based compensation expense.

Sales and marketing expense

Sales and marketing expense increased $15.6 million, or 21.6%, in fiscal 2008 primarily due to increased cash-based personnel costs of $12.2 million resulting from increased headcount in an effort to help drive our overall revenue growth. In fiscal 2008 we also had $2.5 million in additional promotional and other marketing-related expenses, $1.3 million of incremental rent and occupancy-related expenses and $0.5 million from increased travel expenses. These increases were partially offset by a $1.4 million decrease in stock-based compensation expense. As a result, sales and marketing expense as a percent of revenue decreased 5.0 percentage points in fiscal 2008.

General and administrative expense

The $3.9 million decrease in general and administrative expense was primarily due to $3.6 million in lower external accounting and legal services expenses in fiscal 2008 as compared to fiscal 2007 when we made investments in the automation of our financial processes. Cash-based personnel costs increased $1.2 million as we incurred the full year costs from increased headcount in fiscal 2007 to support our growth and bad debt expense of $0.2 million, offset by a decrease in stock-based compensation expense of $1.7 million. As a result, general and administrative expense as a percent of revenue decreased 5.3 percentage points in fiscal 2008.

Interest income and other income (expense), net

	Fiscal Year			
	2007	2008	Change	% Change
	(dollars in thousands)			
Interest income	$ 3,507	$2,614	$ (893)	(25.5)%
Other income (expense), net	(1,991)	1,710	3,701	*

* not meaningful

The $0.9 million decrease in interest income in fiscal 2008 was due to lower interest rates earned, despite higher balances of cash, cash equivalents and short-term investments. The gain in fiscal 2008 in other income (expense), net was the result of an increase in foreign exchange gains primarily due to the strengthening of the U.S. dollar against the Euro, British Pound and the Canadian dollar. The loss in fiscal 2007 was primarily due to the weakening of the U.S. dollar against the same three currencies.

Provision for income taxes

	Fiscal Year			
	2007	2008	Change	% Change
	(dollars in thousands)			
Provision for income taxes	$1,781	$1,888	$ 107	6.0%
Effective tax rate	(8.9)%	20.4%	*	

* not meaningful

The effective tax rate was 20.4% for fiscal 2008, compared with an effective tax rate of negative 8.9% for fiscal 2007. The provision for income taxes for fiscal 2008 is comprised primarily of foreign income taxes and state taxes. We incurred tax expense despite a consolidated loss before income taxes for fiscal 2007 primarily due to foreign income taxes paid based on profits realized by our foreign subsidiaries. The increase in the provision for income taxes for fiscal 2008 compared to fiscal 2007 was attributable to an increase in state income taxes due to improved results in fiscal 2008, offset by a reduction in foreign income tax expense driven by the realization of certain foreign tax credits.

Fiscal Years 2007 and 2006

Revenue

	Fiscal Year					
	2006		2007			
	Amount	% of Revenue	Amount	% of Revenue	Change	% Change
	(dollars in thousands)					
Revenue						
Product	$ 59,469	48.2%	$ 70,131	45.1%	$ 10,662	17.9%
Services	39,590	32.1%	74,152	47.7%	34,562	87.3%
Ratable product and services	24,407	19.7%	11,083	7.2%	(13,324)	(54.6)%
Total revenue	$123,466	100.0%	$155,366	100.0%	$ 31,900	25.8%
Revenue by Geography						
Americas	$ 37,654	30.5%	$ 55,461	35.7%	$ 17,807	47.3%
EMEA	42,303	34.3%	54,722	35.2%	12,419	29.4%
APAC	43,509	35.2%	45,183	29.1%	1,674	3.8%
Total revenue	$123,466	100.0%	$155,366	100.0%	$ 31,900	25.8%

Total revenue increased $31.9 million, or 25.8%, in fiscal 2007 primarily driven by the Americas and EMEA regions. Product revenue increased $10.7 million, or 17.9%, as we experienced increased volumes broadly across our FortiGate product line, with the majority of the growth in our entry-level and mid-range products below the FortiGate-1000. Services revenue increased $34.6 million, or 87.3%, due an increase in our installed customer base. The $13.3 million decrease in ratable product and services revenues was due to the establishment of VSOE for a higher proportion of our sales transactions in fiscal 2006 and 2007 than in prior periods, resulting in a lower portion of our sales being recognized as ratable revenue.

Cost of revenue and gross margin

	Fiscal Year			
	2006	2007	Change	% Change
	(dollars in thousands)			
Cost of revenue				
Product	$24,166	$35,948	$11,782	48.8%
Services	9,496	15,941	6,445	67.9%
Ratable product and services	7,302	4,763	(2,539)	(34.8)%
Total cost of revenue	$40,964	$56,652	$15,688	38.3%
Gross margin				
Product	59.4%	48.7%	(10.7)%	
Services	76.0%	78.5%	2.5%	
Ratable product and services	70.1%	57.0%	(13.1)%	
Total gross margin	66.8%	63.5%	(3.3)%	

Total gross margin decreased 3.3 percentage points from fiscal 2006 to fiscal 2007, primarily due to lower product gross margin associated with excess inventory write-offs. The 10.7 percentage point decrease in product gross margin was primarily attributable to a $6.3 million excess inventory write-off taken in fiscal 2007, compared to a $1.4 million write-off in fiscal 2006, resulting in a seven percentage point lower margin in fiscal 2007. Higher warranty-related return costs and freight costs also accounted for a total of four percentage point decrease in product gross margin in fiscal 2007 when compared to 2006. The 2.5 percentage point increase in services gross margin was primarily due to the growth in our services revenue exceeding the related costs of providing those services. Services cost increased $6.4 million primarily due to $3.6 million of higher cash-based personnel costs resulting from increased headcount. The increased headcount was widely distributed across all technical support centers worldwide and the threat research centers which are required to support our larger customer base. Additional costs included a $1.5 million increase in general operating expenses such as depreciation, supplies and travel-related expenses and a $0.2 million increase in facility-related expenses. In addition, stock-based compensation expense increased by $0.4 million in fiscal 2007. The 13.1 percentage point reduction in ratable product and services gross margin was consistent with the decrease in product gross margins for the period.

Operating expenses

	Fiscal Year					
	2006		2007			
	Amount	% of Revenue	Amount	% of Revenue	Change	% Change
	(dollars in thousands)					
Operating expenses						
Research and development	$21,446	17.4%	$ 27,588	17.8%	$ 6,142	28.6%
Sales and marketing	54,056	43.8%	72,159	46.4%	18,103	33.5%
General and administrative	12,997	10.5%	20,544	13.2%	7,547	58.1%
Total operating expenses	$88,499	71.7%	$120,291	77.4%	$31,792	35.9%
Includes stock-based compensation of:						
Research and development	$ 135		$ 1,452		$ 1,317	
Sales and marketing	354		3,928		3,574	
General and administrative	414		2,983		2,569	
Total	$ 903		$ 8,363		$ 7,460	

The increase in stock-based compensation expense in 2007 was primarily due to the remeasurement of the vested portion of certain option grants associated with extending the exercise period for employees that had terminated their employment with us. See “—Critical Accounting Policies and Estimates—Stock-Based Compensation.”

Research and development expense

Research and development expense increased by $6.1 million, or 28.6%, in fiscal 2007 primarily due to $4.0 million in higher cash-based personnel costs as a result of increased headcount and a $1.3 million increase in stock-based compensation expense. Higher depreciation expense of $0.3 million, travel-related expenses of $0.2 million, $0.2 million of higher rent and occupancy-related expenses and $0.2 million in higher expensed equipment and other supplies also contributed to the increase.

Sales and marketing expense

Sales and marketing expense increased $18.1 million, or 33.5%, in fiscal 2007 due to increased cash-based personnel costs of $11.2 million primarily resulting from increased headcount, particularly in the U.S. to expand

our focus on large enterprise and service provider accounts. In addition to a $3.6 million increase in stock-based compensation, we had an increase of $1.2 million in travel-related expenses due to our expanded sales force, $1.1 million of incremental promotional and other marketing expenses and a $0.5 million increase in rent and occupancy-related expenses. Primarily as a result of increased cash-based and stock-based compensation expense, sales and marketing as a percent of revenue increased 2.6 percentage points in fiscal 2007.

General and administrative expense

General and administrative expense increased $7.5 million, or 58.1%, in fiscal 2007 due to a $2.9 million increase in cash-based personnel costs as a result of increased headcount, particularly in our accounting and finance functions to support our overall growth, a $2.6 million increase in stock-based compensation and a $2.0 million increase in external audit and accounting services as we invested in automation of financial processes. As a result, general and administrative expense as a percent of revenue increased 2.7 percentage points in fiscal 2007.

Interest income and other income (expense), net

	Fiscal Year			
	2006	2007	Change	% Change
	(dollars in thousands)			
Interest income	$2,376	$ 3,507	$ 1,131	47.6%
Other income (expense), net	(503)	(1,991)	(1,488)	*

* not meaningful

The $1.1 million increase in interest income was due to interest earned on higher invested balances. The loss in fiscal 2007 in other income (expense), net was primarily due to the weakening of the U.S. dollar against the Euro, British Pound and the Canadian dollar. The loss in fiscal 2006 was primarily due to the weakening of the U.S. dollar against the Euro and British Pound.

Provision for income taxes

	Fiscal Year			
	2006	2007	Change	% Change
	(dollars in thousands)			
Provision for income taxes	$1,220	$1,781	$ 561	46.0%
Effective tax rate	(29.6)%	(8.9)%	*	

* not meaningful

The effective tax rate was negative 8.9% for fiscal 2007, compared with negative 29.6% for fiscal 2006. We incurred tax expense despite a consolidated loss before income taxes for fiscal 2007 and 2006 primarily due to foreign income taxes. The change in the provision for fiscal 2007 compared to fiscal 2006 was primarily attributable to increased profitability of our foreign operations.

Quarterly Results of Operations

The following tables set forth selected unaudited quarterly statements of operations data for the last ten fiscal quarters, as well as the percentage that each line item represents of total revenue. The information for each of these quarters has been prepared on the same basis as the audited annual financial statements included elsewhere in this prospectus and, in the opinion of management, includes all adjustments, which includes only normal recurring adjustments, necessary for the fair presentation of the results of operations for these periods. This data should be read in conjunction with our audited consolidated financial statements and related notes included elsewhere in this prospectus. These quarterly operating results are not necessarily indicative of our operating results for any future period.

	Three Months Ended									
	Apr 1, 2007	July 1, 2007	Sept 30, 2007	Dec 30, 2007	Mar 30, 2008	June 29, 2008	Sept 28, 2008	Dec 28, 2008	Mar 29, 2009	June 28, 2009
	(in thousands)									
Consolidated Statements of Operations Data:										
Revenue										
Product	$15,950	$19,448	$16,245	$ 18,488	$20,691	$24,088	$23,616	$26,192	$19,326	$24,451
Services	15,195	16,902	19,551	22,504	22,312	25,455	27,627	29,898	31,573	33,473
Ratable product and services	3,456	2,461	2,538	2,628	2,761	3,004	3,171	2,976	3,295	3,421
Total revenue	34,601	38,811	38,334	43,620	45,764	52,547	54,414	59,066	54,194	61,345
Cost of revenue										
Product[1]	6,597	8,436	8,950	11,965	9,474	10,317	9,629	11,977	8,305	10,316
Services[1]	3,319	3,813	4,099	4,710	4,597	5,170	4,984	4,690	5,048	5,357
Ratable product and services	1,155	907	1,151	1,550	1,067	1,153	1,227	1,187	1,301	1,306
Total cost of revenue	11,071	13,156	14,200	18,225	15,138	16,640	15,840	17,854	14,654	16,979
Total gross profit	23,530	25,655	24,134	25,395	30,626	35,907	38,574	41,212	39,540	44,366
Operating expenses										
Research and development[1]	5,998	6,363	7,278	7,949	8,780	9,449	9,957	8,849	9,876	10,534
Sales and marketing[1]	15,967	17,776	17,677	20,739	21,556	22,910	21,434	21,817	21,763	24,341
General and administrative[1]	4,405	4,631	4,343	7,165	3,953	4,451	3,963	4,273	4,672	4,516
Total operating expenses	26,370	28,770	29,298	35,853	34,289	36,810	35,354	34,939	36,311	39,391
Operating income (loss)	(2,840)	(3,115)	(5,164)	(10,458)	(3,663)	(903)	3,220	6,273	3,229	4,975
Interest income	771	866	913	957	735	542	595	742	714	535
Other income (expense), net	(248)	(588)	(560)	(595)	(903)	199	875	1,539	494	(282)
Income (loss) before income taxes	(2,317)	(2,837)	(4,811)	(10,096)	(3,831)	(162)	4,690	8,554	4,437	5,228
Provision for income taxes	164	804	376	437	338	756	183	611	663	652
Net income (loss)	$ (2,481)	$ (3,641)	$ (5,187)	$(10,533)	$ (4,169)	$ (918)	$ 4,507	$ 7,943	$ 3,774	$ 4,576

(1) Includes stock-based compensation expense as follows:

	Three Months Ended									
	Apr 1, 2007	July 1, 2007	Sept 30, 2007	Dec 30, 2007	Mar 30, 2008	June 29, 2008	Sept 28, 2008	Dec 28, 2008	Mar 29, 2009	June 28, 2009
	(in thousands)									
Cost of product revenue	$ 181	$ 147	$ 175	$ 48	$ 9	$ 18	$ 19	$ 21	$ 24	$ 27
Cost of services revenue	33	61	91	235	79	93	111	117	124	172
Research and development	268	308	640	235	162	266	299	322	378	498
Sales and marketing	1,262	1,055	914	697	559	661	647	645	644	692
General and administrative	316	321	386	1,959	253	322	357	339	380	404
Total stock-based compensation	$ 2,060	$ 1,892	$ 2,206	$ 3,174	$ 1,062	$ 1,360	$ 1,433	$ 1,444	$ 1,550	$ 1,793

	Three Months Ended									
	Apr 1, 2007	July 1, 2007	Sept 30, 2007	Dec 30, 2007	Mar 30, 2008	June 29, 2008	Sept 28, 2008	Dec 28, 2008	Mar 29, 2009	June 28, 2009
	(as % of revenues)									
Revenue										
Product	46.1%	50.1%	42.4%	42.4%	45.2%	45.8%	43.4%	44.3%	35.7%	39.9%
Services	43.9%	43.5%	51.0%	51.6%	48.8%	48.4%	50.8%	50.6%	58.3%	54.6%
Ratable product and services	10.0%	6.4%	6.6%	6.0%	6.0%	5.8%	5.8%	5.1%	6.0%	5.5%
Total revenue	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total cost of revenue	32.0%	33.9%	37.0%	41.8%	33.1%	31.7%	29.1%	30.2%	27.0%	27.7%
Total gross profit[1]	68.0%	66.1%	63.0%	58.2%	66.9%	68.3%	70.9%	69.8%	73.0%	72.3%
Operating expenses										
Research and development	17.3%	16.4%	19.0%	18.2%	19.2%	18.0%	18.2%	15.0%	18.2%	17.2%
Sales and marketing	46.2%	45.8%	46.2%	47.5%	47.1%	43.5%	39.5%	37.0%	40.2%	39.7%
General and administrative	12.7%	11.9%	11.3%	16.4%	8.6%	8.5%	7.3%	7.2%	8.6%	7.3%
Total operating expenses	76.2%	74.1%	76.5%	82.1%	74.9%	70.0%	65.0%	59.2%	67.0%	64.2%
Operating income (loss)	(8.2)%	(8.0)%	(13.5)%	(23.9)%	(8.0)%	(1.7)%	5.9%	10.6%	6.0%	8.1%
Interest income	2.2%	2.2%	2.4%	2.2%	1.6%	1.0%	1.1%	1.3%	1.3%	0.9%
Other income (expense), net	(0.7)%	(1.5)%	(1.5)%	(1.4)%	(2.0)%	0.4%	1.6%	2.6%	0.9%	(0.4)%
Income (loss) before income taxes	(6.7)%	(7.3)%	(12.6)%	(23.1)%	(8.4)%	(0.3)%	8.6%	14.5%	8.2%	8.6%
Provision for income taxes	0.5%	2.1%	1.0%	1.0%	0.7%	1.5%	0.3%	1.0%	1.2%	1.1%
Net income (loss)	(7.2)%	(9.4)%	(13.6)%	(24.1)%	(9.1)%	(1.8)%	8.3%	13.5%	7.0%	7.5%

(1) The table below shows gross profit as percentage of each component of revenue, referred to as gross margin:

	Three Months Ended									
	Apr 1, 2007	July 1, 2007	Sept 30, 2007	Dec 30, 2007	Mar 30, 2008	June 29, 2008	Sept 28, 2008	Dec 28, 2008	Mar 29, 2009	June 28, 2009
Gross Margin by Component of Revenue										
Gross margin										
Product	58.6%	56.6%	44.9%	35.3%	54.2%	57.2%	59.2%	54.3%	57.0%	57.8%
Services	78.2%	77.4%	79.0%	79.1%	79.4%	79.7%	82.0%	84.3%	84.0%	84.0%
Ratable product and services	66.6%	63.1%	54.6%	41.0%	61.4%	61.6%	61.3%	60.1%	60.5%	61.8%
Total gross margin	68.0%	66.1%	63.0%	58.2%	66.9%	68.3%	70.9%	69.8%	73.0%	72.3%

Seasonality, Cyclicality and Quarterly Revenue Trends

Our quarterly results reflect seasonality in the sale of our products, subscriptions and services. In general, our product revenue in the third quarter has been negatively affected by reduced economic activity in the summer months, particularly in Europe. A pattern of increased customer buying at year-end has also positively impacted sales activity in the fourth quarter. Similarly, our gross margins and operating income have been affected by these historical trends because expenses are relatively fixed in the near-term. Although these seasonal factors are common in the technology sector, historical patterns should not be considered a reliable indicator of our future sales activity or performance. On a quarterly basis, we have usually generated the majority of our product revenue in the final month of each quarter and a significant amount in the last two weeks of a quarter. We believe this is due to customer buying patterns typical in this industry.

Our total quarterly revenue has generally increased sequentially during the last ten quarters, with revenue increasing from the preceding period in eight of the ten quarters shown. Our product revenue in the third quarters of each of fiscal 2007 and 2008 was $3.2 million and $0.5 million lower, respectively, on a sequential basis. We believe these declines were due primarily to the seasonality which we typically experience in our third quarter as discussed above. In the second quarter of fiscal 2007 product revenue increased in part due to an inventory shortage in the first quarter of fiscal 2007 which delayed revenue recognition on certain orders until the second

quarter of fiscal 2007. Product revenue in the first two quarters of fiscal 2009 were lower or essentially flat compared to the same periods in fiscal 2008, which we believe was due in part to adverse global economic conditions. Additionally, product revenue was lower in the first quarter of fiscal 2009 due to a delay in the availability of a new product which delayed revenue recognition on orders until the second quarter of fiscal 2009, combined, we believe, with adverse global economic conditions. Services revenue has generally increased sequentially each quarter, as new support and subscription contracts have been entered into and existing customers have renewed their contracts.

Quarterly Gross Margin Trend

Gross profit has increased sequentially in eight of the ten quarters presented. Gross margin has fluctuated on a quarterly basis primarily due to shifts in the mix of sales of between product and services, types of products sold and the average selling prices of our products. Product gross margins in the third and fourth quarters of fiscal 2007 decreased substantially due to $1.9 million and $4.1 million of excess and obsolescence inventory write-offs, respectively. Additionally, product gross margins decreased in the fourth quarter of fiscal 2008 due to higher discounts and a $0.5 million excess and obsolescence inventory write-off incurred in that period. Services gross margins increased from the second quarter of fiscal 2007 through the fourth quarter of fiscal 2008 due to higher revenue and a larger customer base over which to spread related costs and we have generally maintained services gross margins at those levels in the first two quarters of fiscal 2009. However, we expect to continue to invest in support personnel and therefore services gross margins may not increase substantially or at all in future periods.

Liquidity and Capital Resources

	As of Fiscal Year End			As of	
	2006	2007	2008	June 29, 2008	June 28, 2009
			(in thousands)		
Cash, cash equivalents and short-term investments	$64,041	$90,161	$ 124,190	$104,843	$136,422

	Fiscal Year			Six Months Ended	
	2006	2007	2008	June 29, 2008	June 28, 2009
			(in thousands)		
Cash provided by operating activities	$ 3,409	$27,669	$ 37,686	$ 15,843	$ 29,893
Cash provided by (used in) investing activities	21,463	(2,328)	(53,706)	11,554	(20,382)
Cash provided by (used in) financing activities	793	19	2,117	1,191	(14,767)
Effect of exchange rates on cash and cash equivalents	—	460	(937)	(148)	504
Net increase (decrease) in cash and cash equivalents	$25,665	$25,820	$ (14,840)	$ 28,440	$ (4,752)

Since inception, we have financed our operations primarily through private sales of equity securities and, more recently, cash generated from operations. At June 28, 2009, our cash, cash equivalents, and short-term investments of $136.4 million were held for working capital purposes and were invested primarily in money market funds, commercial paper, corporate debt securities and U.S. government debt securities. We do not enter into investments for trading or speculative purposes. We believe that our existing cash and cash equivalents will be sufficient to meet our anticipated cash needs for at least the next twelve months. Our future capital requirements will depend on many factors including our growth rate, the timing and extent of spending to support development efforts, the expansion of sales and marketing activities, the introduction of new and enhanced products and services offerings, the costs to ensure access to adequate manufacturing capacity and the continuing market acceptance of our products. In the event that additional financing is required from outside sources, we may not be able to raise it on terms acceptable to us or at all. If we are unable to raise additional capital when desired, our business, operating results and financial condition would be adversely affected.

Operating Activities

For the first six months of fiscal 2009, operating activities provided $29.9 million in cash as a result of net income of $8.4 million, adjusted by non-cash items such as depreciation and amortization amounts of $2.8 million and stock-based compensation amounts of $3.3 million. Working capital sources of cash were related to a $13.5 million increase in deferred revenue which was attributable primarily to increased sales of our subscription and support services and a $2.5 million decrease in accounts receivable due to the timing of invoicing and collections. These sources of cash are offset by a $1.2 million decrease in income tax payable because of the timing of tax-related payments.

For the first six months of fiscal 2008, operating activities provided $15.8 million in cash as a result of a net loss of $5.1 million, adjusted by non-cash items such as depreciation and amortization amounts of $2.1 million and stock-based compensation amounts of $2.4 million. Working capital sources of cash were related to a $21.9 million increase in deferred revenue which was attributable to increased sales of our subscription and support services and a $1.9 million increase in accounts payable due to timing of payments. These sources of cash are offset by a $5.4 million increase in accounts receivable due to the overall growth of our business and the timing of invoicing and collections, a $1.4 million increase in deferred cost of revenue related to the increase in ratable products and services deferred revenue and a $0.8 million decrease in income tax payable related to the timing of payments.

In fiscal 2008, operating activities provided $37.7 million in cash as a result of net income of $7.4 million, adjusted by non-cash items such as depreciation and amortization amounts of $4.2 million and stock-based compensation amounts of $5.3 million. Working capital sources of cash were related to a $40.4 million increase in deferred revenue which was attributable to increased sales of our subscription and support services and a $4.3 million increase in accrued liabilities and accrued payroll and compensation primarily related to increased headcount. These sources of cash are offset by an $18.4 million increase in accounts receivable due to the overall growth of our business and the timing of invoicing and collections, a $1.2 million increase in deferred cost of revenue related to the increase in ratable products and services deferred revenue and a $1.9 million and $2.1 million decrease in accounts payable and income tax payable, respectively, related to the timing of payments.

In fiscal 2007, operating activities provided $27.7 million in cash as a result of a net loss of $21.8 million, adjusted by non-cash items such as depreciation and amortization amounts of $4.2 million and stock-based compensation amounts of $9.3 million. Working capital sources of cash were related to a $37.9 million increase in deferred revenue which was attributable to increased sales of our subscription and support services and an $8.6 million increase in accrued liabilities and accrued payroll and compensation primarily related to increased headcount. These sources of cash are offset by a $6.6 million increase in inventory which relates to the growth of our business, a $2.3 million increase in accounts receivable due to the overall growth of our business and the timing of invoicing and collections, a $1.8 million increase in deferred cost of revenue which relates to the increase in ratable products and services deferred revenue, and a $1.2 million increase in prepaid expenses and other current assets.

In fiscal 2006, operating activities provided $3.4 million in cash as a result of a net loss of $5.3 million, adjusted by non-cash items such as depreciation and amortization amounts of $3.5 million and stock-based compensation amounts of $1.2 million. Working capital sources of cash were primarily related to an $18.9 million increase in deferred revenue which was attributable to increased sales of our subscription and support services, a $1.9 million increase in accounts payable, a $3.6 million increase in accrued liabilities and accrued payroll, compensation related to the timing of payments as well as increased headcount and a $2.1 million decrease in deferred cost of revenue. These sources of cash are offset by a $15.0 million payment related to a patent dispute settlement, a $2.3 million increase in accounts receivable due to the timing of invoicing and collections and a $5.8 million increase in inventory due to the growth of our business.

Investing Activities

Our investing activities consisted primarily of purchases and sales of short-term investments associated with our investment balances, and capital expenditures. The $20.4 million of cash used by investing activities during the first six months of fiscal 2009 was due primarily to $3.0 million of cash used for capital expenditures and $84.1 million in purchases of short-term investments offset by $66.7 million in sales and maturities of short-term investments.

The $11.6 million of cash provided by investing activities during the first six months of fiscal 2008 primarily consisted of $18.8 million in sales and maturities of short-term investments partially offset by $5.0 million in purchases of short-term investments, $1.2 million for capital expenditures and $1.0 million for the purchase of technology assets.

The $53.7 million of cash used in investing activities in fiscal 2008 was due primarily to $80.6 million in purchases of short-term investments partially offset by $31.7 million in sales and maturities. Additionally, we used cash of $2.8 million for capital expenditures, $1.0 million for the purchase of assets from IPLocks and $1.0 million for the purchase of certain other technology assets.

The $2.3 million of cash used in investing activities in fiscal 2007 primarily related to capital expenditures of $2.0 million. Additionally, we had $30.1 million in purchases of short-term investments effectively offset by $29.8 million in sales and maturities of short-term investments.

The $21.5 million of cash provided by investing activities in fiscal 2006 primarily related to $51.4 million in sales and maturities of short-term investments offset by $28.9 million in purchases of short-term investments and $1.2 million in capital expenditures.

Financing Activities

Our financing activities for the first six months of fiscal 2009 resulted in net cash used of $14.8 million, primarily related to the use of $15.8 million for the repurchase of our preferred and common stock, offset by proceeds of $1.0 million from the exercise of stock options to purchase our common stock. Our financing activities for the first six months of fiscal 2008 and for fiscal 2006 and 2008 related to proceeds of $1.2 million, $0.9 million and $2.1 million, respectively, as a result of exercises of stock options to purchase our common stock. We had no material financing activities in 2007.

Contractual Obligations and Commitments

The following summarizes our contractual obligations as of December 28, 2008:

	Payments Due by Period				
	Total	Less Than 1 Year	1-3 Years	3-5 Years	More Than 5 Years
			(in thousands)		
Operating leases[1]	$12,918	$ 5,028	$5,097	$2,793	$ —
Purchase commitments[2]	9,963	9,963	—	—	—
Royalty commitments[3]	7,000	2,000	2,000	2,000	1,000
Total[4]	$29,881	$ 16,991	$7,097	$4,793	$ 1,000

(1) Consists of contractual obligations from non-cancelable office space under operating lease.
(2) Consists of minimum purchase commitments with independent contract manufacturers.
(3) Consists of minimum royalties claimed by Trend Micro to be owed, which are subject to dispute. See “Business—Legal Proceedings.”
(4) No amounts related to FIN 48 are included. See “—Recent Accounting Pronouncements” below.

As of December 28, 2008, we had approximately $0.7 million of tax liabilities, including interest, related to uncertain tax positions. Because of the high degree of uncertainty regarding the settlement of these liabilities, we are unable to estimate the years in which future cash outflows may occur.

Off-Balance Sheet Arrangements

During fiscal 2006, 2007 and 2008 and the first six months of fiscal 2009, we did not have any relationships with unconsolidated organizations or financial partnerships, such as structured finance or special purpose entities, that would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

Quantitative and Qualitative Disclosures about Market Risk

Interest Rate Fluctuation Risk

The primary objectives of our investment activities are to preserve principal, provide liquidity and maximize income without significantly increasing risk. Some of the securities we invest in are subject to market risk. This means that a change in prevailing interest rates may cause the principal amount of the investment to fluctuate. To minimize this risk, we maintain our portfolio of cash, cash equivalents and short-term investments in a variety of securities, including commercial paper, money market funds, government and corporate debt securities and certificates of deposit. The risk associated with fluctuating interest rates is limited to our investment portfolio. A 10% decrease in interest rates in 2006, 2007 and 2008 would have resulted in a decrease in our interest income of approximately $0.2 million, $0.4 million and $0.3 million, respectively. As of June 28, 2009, our cash, cash equivalents and short-term investments were in money market funds, commercial paper, corporate debt securities and U.S. government debt securities.

Foreign Currency Exchange Risk

Our sales contracts are primarily denominated in U.S. dollars and therefore substantially all of our revenue is not subject to foreign currency risk. However, a substantial portion of our operating expenses are incurred outside the U.S. and are denominated in foreign currencies and are subject to fluctuations due to changes in foreign currency exchange rates, particularly changes in the Canadian dollar and Euro. Additionally, fluctuations in foreign currency exchange rates may cause us to recognize transaction gains and losses in our statement of operations. We recognized other income (expense), net of $0.2 million for the first six months of 2009 due to foreign currency transaction gains.

We use foreign exchange forward contracts to partially mitigate exposure to fluctuations in foreign currency rates. We do not use these contracts for speculative or trading purposes. These contracts typically have maturities between one and two months, and we record gains and losses from these instruments in other income (expense), net.

Inflation Risk

Our monetary assets, consisting primarily of cash, cash equivalents and short-term investments, are not affected significantly by inflation because they are short-term. We believe the impact of inflation on replacement costs of equipment, furniture and leasehold improvements will not materially affect our operations. The rate of inflation, however, affects our cost of revenue and expenses, such as those for employee compensation, which may not be readily recoverable in the price of products and services offered by us.

Recent Accounting Pronouncements

In December 2007, the FASB issued SFAS No. 141(Revised 2007), *Business Combinations* (“SFAS 141(R)”). SFAS 141(R) establishes principles and requirements for how the acquirer of a business recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any non-controlling interest in the acquiree. SFAS 141(R) also provides guidance for recognizing and measuring the goodwill acquired in the business combination and determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. We were required to

adopt SFAS 141(R) for the fiscal year beginning January 1, 2009. The adoption of SFAS 141(R) did not have a material impact on our consolidated financial statements at the time of adoption.

In December 2007, the FASB issued SFAS No. 160, *Non-controlling Interests in Consolidated Financial Statements* which amends Accounting Research Bulletin No. 51, *Consolidated Financial Statements ("ARB 51")*, to establish accounting and reporting standards for the non-controlling interest in a subsidiary and for the deconsolidation of a subsidiary. It clarifies that a non-controlling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity separate and apart from the parent's equity in the consolidated financial statements. In addition to the amendments to ARB 51, this statement amends SFAS 128, *Earnings Per Share*, so that earnings per share data will continue to be calculated the same way those data were calculated before this statements was issued. SFAS 160 is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. The adoption of SFAS 160 did not have a material impact on our consolidated financial statements at the time of adoption.

Effective January 1, 2008, we adopted SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities*, which permits entities to choose to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value. The adoption of SFAS 159 did not have a material impact on our consolidated financial statements.

In April 2008, the FASB issued FSP No. 142-3, *Determination of Useful Life of Intangible Assets.* FSP 142-3 amends the factors that should be considered in developing the renewal or extension assumptions used to determine the useful life of a recognized intangible asset under FASB Statement No. 142, *Goodwill and Other Intangible Assets*. FSP 142-3 also requires expanded disclosure regarding the determination of intangible asset useful lives. FSP 142-3 is effective for fiscal years beginning after December 15, 2008. Earlier adoption is not permitted. The adoption of FSP 142-3 did not have a material impact on our consolidated financial statements.

In April 2009, the FASB issued FSP FAS No. 107-1 and APB No. 28-1, *Interim Disclosures about Fair Value of Financial Instrument*s. FSP 107-1 extends the disclosure requirements of SFAS 107, *Disclosures about Fair Value of Financial Instruments*, to interim period financial statements, in addition to the existing requirements for annual periods and reiterates SFAS 107's requirement to disclose the methods and significant assumptions used to estimate fair value. FSP107-1 is effective for interim and annual periods ending after June 15, 2009. The adoption of FSP 107-1 did not have on our consolidated financial statements.

In April 2009, the FASB issued FSP FAS No. 115-2 and FAS No. 124-2, *Recognition and Presentation of Other-Than-Temporary Impairments*. FSP 115-2 and FSP 124-2 establishes a new method for recognizing and reporting other-than-temporary impairment of debt securities and also contains additional disclosure requirements for both debt and equity securities. FSP 115-2 and FSP 124-2 are effective for interim and annual periods ending after June 15, 2009. The adoption of FSP 115-2 and FSP 124-2 did not have on our consolidated financial statements.

In April 2009, the FASB issued FSP FAS No. 157-4, *Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly*. FSP 157-4 provides additional guidance for estimating fair value when the market activity for an asset or liability has declined significantly. FSP 157-4 is effective for interim and annual periods ending after June 15, 2009 and will be applied prospectively. The adoption of FSP 157-4 did not have on our consolidated financial statements.

In May 2009, the FASB issued SFAS No. 165, *Subsequent Events*, SFAS 165 is intended to establish general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. It requires the disclosure of the date through which an entity has evaluated subsequent events and the basis for that date—that is, whether that date represents the date the financial statements were issued or were available to be issued. SFAS 165 is effective for interim and annual periods ending after June 15, 2009 and shall be applied prospectively.

In June 2009, FASB issued SFAS No. 168, *The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles* – a replacement of FASB Statement No. 162. SFAS 168 establishes the FASB Accounting Standards Codification as the source of authoritative accounting principles and the framework for selecting the principles used in the preparation of financial statements of nongovernmental entities that are presented in conformity with generally accepted accounting principles in the United States. This Statement is effective for our interim reporting period ending on September 30, 2009. Beginning with the third fiscal quarter of 2009, our references made to U.S. GAAP will use the new Codification numbering system prescribed by the FASB. As the Codification is not intended to change or alter existing U.S. GAAP, we do not expect SFAS 168 to have any impact on our consolidated financial statements.

BUSINESS

Overview

We have pioneered an innovative, high performance network security solution to the fundamental problems of an increasingly bandwidth-intensive network environment and a more sophisticated IT threat landscape. We are leading provider of network security appliances and the market leader in UTM. Through our products and subscription services, we provide broad, integrated and high performance protection against dynamic security threats while simplifying the IT security infrastructure for enterprises, service providers and government entities worldwide. Our flagship UTM solution consists of our FortiGate appliance products that provide a broad array of security and networking functions, including firewall, VPN, antivirus, intrusion prevention, Web filtering, antispam, and WAN acceleration. Our FortiGate appliances, from the FortiGate-50 for small businesses and branch offices to the FortiGate-5000 series for large enterprises and service providers, are based on our proprietary technology platform. This platform includes our FortiASICs, which are specifically designed for accelerated processing of security and networking functions, and our FortiOS operating system, which provides the foundation for all of our security functions. Our FortiGuard security subscription services provide end-customers with access to dynamic updates to our antivirus, intrusion prevention, Web filtering and antispam functionality based on intelligence gathered by our dedicated FortiGuard Global Threat Research Team. By combining multiple proprietary security and networking functions with our purpose-built FortiASIC and FortiOS, our FortiGate UTM solution delivers broad protection against dynamic security threats while reducing the operational burden and costs associated with managing multiple point products.

We complement our FortiGate product line with a family of FortiManager appliances, which enable end-customers to manage the system configuration and security functions of multiple FortiGate appliances from a centralized console, as well as FortiAnalyzer appliances, which enable collection, analysis and archiving of content and log data generated by our products. We also offer other appliances and software that provide additional protection, such as: (i) FortiMail, a family of multi-featured, high performance messaging security appliances, (ii) FortiDB, a family of appliances that provide centrally managed database-specific security, (iii) FortiClient, a software product that provides endpoint security for desktops, laptops and mobile devices and that is primarily used in conjunction with our FortiGate appliances, (iv) FortiWeb, an appliance that provides security for Web-based applications, and (v) FortiScan, an appliance designed to provide endpoint vulnerability assessment and remediation.

We are the leading worldwide provider of UTM appliances, with a 13.9% share of the UTM appliance market for the first quarter of 2009, as determined by IDC.[1] As of June 28, 2009, we had shipped over 450,000 appliances to more than 5,000 channel partners and 75,000 end-customers worldwide, including a majority of the 2009 Fortune Global 100.

Our total revenue was $123.5 million, $155.4 million, and $211.8 million for fiscal years 2006, 2007, and 2008, respectively, and was $98.3 million and $115.5 million for the first six months of fiscal 2008 and 2009, respectively. Our business is also geographically diversified, with 36% of our total revenue from the Americas, 38% from EMEA, and 26% from APAC, for the first six months of fiscal 2009. We have generated positive cash flow from operations since fiscal 2005, generating operating cash flow of $3.4 million in fiscal 2005, $37.6 million in fiscal 2008 and $29.9 million for the first six months of fiscal 2009. Subscription and support services, which represented approximately half of our total revenue for fiscal 2008 and the first six months of fiscal 2009, are a significant source of recurring revenue.

(1) IDC Worldwide Security Appliances Tracker, June 2009.

Industry Background

Enterprise networks are becoming more powerful and distributed as innovation in Internet-based technologies and applications enables businesses and service providers to be more productive.

Businesses, service providers and other organizations worldwide are using increasingly powerful Internet-based technologies and applications, such as new Web applications, voice over IP, or VoIP, video over broadband, file sharing, email, instant messaging and cloud-based services to enhance their productivity and gain a competitive advantage. The resulting increase in network traffic has required businesses to invest hundreds of billions of dollars in network infrastructure equipment to upgrade network speeds and support the growth of network traffic. According to IDC, organizations spent approximately $145 billion in 2008 on network equipment.[(1)] Network connection speeds have increased dramatically in recent years from 100 Megabits per second prevalent several years ago to multiple Gigabits per second, or Gbps, today. In addition, the architecture of enterprise networks is becoming increasingly distributed in nature, with potentially thousands of mobile workers and external business partners connected to the enterprise network through remote access or extranet connections. The enterprise perimeter is much less defined today, with multiple remote sites and with mobile workers and business partners having a higher degree of interconnectivity and greater access to network resources. Additionally, organizations frequently extend their networks through the use of wireless local area network, or WLAN, hotspots within the enterprise network or by deploying increasingly powerful handheld devices to their employees.

Businesses, service providers and governments are more vulnerable than ever to an escalating IT security threat environment and are struggling to cope with an increasingly strict regulatory climate.

Organizations today have become increasingly vulnerable to IT security threats. IT attacks have increased in both number and severity as hackers have become more sophisticated and their motivations have shifted from gaining notoriety to generating profits through exploiting confidential private data. Our FortiGuard Global Threat Research Team identified more malware in 2008 than in the years 2005 through 2007 combined and an approximately eight fold increase from 2005 levels. Additionally, by extending the traditional network perimeter and also embracing new Web applications, organizations are increasingly at risk from potential attacks by opening new points of vulnerability in their IT infrastructure. While traditionally the focus for hackers has been on targeting individuals or the data that resides within business networks, now hackers have begun to target critical government infrastructures such as electrical grids, defense networks, financial systems and telecommunications networks, resulting in a significantly increased awareness and focus by governments on combating cyberwarfare. For example, in April 2009, the Wall Street Journal reported that, according to current and former government officials, computer spies had broken into the Pentagon's Joint Strike Fighter project and downloaded terabytes of data related to several key systems. In May 2009, the Obama administration released a comprehensive cybersecurity report and expressed a need to combat the escalating IT security threat environment. The report's recommended action plans called for increased government investment to address escalating cyber security vulnerabilities against the backdrop of increased IT infrastructure spending encouraged by the recently enacted American Recovery and Reinvestment Act.

Government and industry requirements for network security and privacy have increased the demand for organizations to deploy security solutions that both satisfy government regulatory compliance requirements and reduce the burden of compliance reporting and enforcement. Examples of government regulations and industry standards pertaining to security and privacy include the Health Insurance Portability and Accountability Act of 1996, or HIPAA, the Gramm-Leach-Bliley Act of 1999, the Sarbanes-Oxley Act of 2002, the Federal Information Security Management Act of 2002, or FISMA, the Children's Internet Protection Act of 2000, or CIPA, and the Payment Card Industry Data Security Standard, or PCI DSS. PCI DSS, which requires organizations that process credit card information to implement stringent controls around sensitive data, has been mandated as a requirement for credit card processing by leading credit card companies, such as American Express, MasterCard and Visa. Notwithstanding these controls, credit card information continues to be a popular target for hackers. For example, in January 2009, Heartland Payment Systems, a large payments processor in the U.S. who had 2008

(1) "Worldwide Black Book Query Tool," Version 2, 2009, July 2009.

processing volumes of nearly $75 billion across 200,000 merchants, reported a security breach resulting from malicious software that compromised the payment data that crossed Heartland's data networks.

Organizations have invested heavily in products and services to combat network security threats. According to IDC, the network security market is expected to grow from $6.8 billion in 2007 to $10.5 billion in 2012, representing a compounded annual growth rate of 9.1%.[1]

Attacks have become increasingly sophisticated in an escalated threat environment.

IT security threats today include both the traditional "network level" attacks and newer "content level" attacks. A typical example of a traditional network level attack is that of a hacker using simple scripts or other attack tools to disrupt service to an enterprise network. Another example of a network level attack is a port scanning attack, in which software tools are used to search a network host for open, unprotected ports in order to exploit and gain unauthorized access to the network. These types of attacks led to the emergence of firewall and intrusion prevention systems, or IPS. Firewall products focus on inspecting packet headers and filtering out packets with undesired source addresses, destination addresses and protocol ports. Intrusion prevention systems are designed to block attacks based on traffic behavior such as port scanning attacks and known patterns contained within individual packets such as worm attacks. To circumvent these network level defenses, hackers began to utilize application content to disguise the attacks, effectively bypassing these security products by appearing to comply with packet-based IPS and firewall policies. An example of a "content level" attack is the recent Koobface exploit, which redirected Facebook and MySpace users to a seemingly innocuous website that prompted the user to download a malicious file purporting to be a new version of Adobe Flash. In this case, the source, destination and protocol information traveling between this website and the user would have appeared safe to a typical firewall. In order to block the download of the malicious file disguised to appear as an Adobe Flash update, a security device must conduct "complete content inspection," which involves a thorough inspection of both the entire data packet, not just the packet header, and the content of all associated packets reassembled into the application, file or email. The recent proliferation of new Web applications has given hackers increasing opportunities to use content level attacks, as these applications are generally more personal and trusted in nature, and also leverage advanced Web technologies that have more flexibility to execute client-side code and propagate disguised illegitimate applications.

Traditional network security solutions are inadequate to cost-effectively address increasingly sophisticated IT attacks.

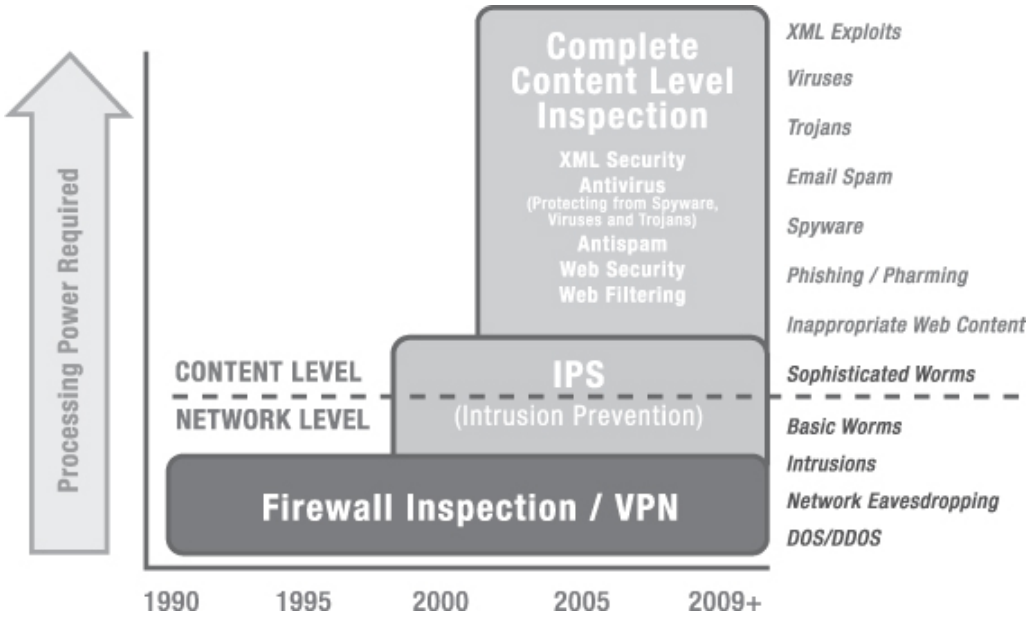
Traditional network security solutions generally consist of software security solutions, PC and server-based security appliances or first generation security appliances running ASICs dedicated to security processing for basic network security functions like firewall and VPN. These solutions do not provide adequate security against the increasing sophistication of security threats, the continued build-out of network capacity, and the increasingly distributed nature of enterprise networks.

Shortcomings of these solutions include:

- *Inadequate protection against content level security attacks.* Many of today's network security technologies lack the ability to perform complete content level inspection without a significant degradation in network performance because they depend on general purpose computers and processors that do not meet the high performance requirements needed for network-based complete content level inspection. Complete content inspection can be significantly more computationally intensive than simply examining the packet header. Organizations require security solutions that are capable of maintaining high performance across the network while protecting valuable corporate data

[1] "Worldwide Network Security 2008-2012 Forecast and 2007 Vendor Shares: Transitions—Appliances Are More Than Meets the Eye," Doc #214246, October 2008.

and information from both network and content level attacks. The graphic below illustrates the increasing sophistication of IT threats over time and levels of inspection that are needed to address such threats:



- *Cost, complexity and performance challenges of managing and maintaining a heterogeneous network security environment.* Traditionally, enterprises have used numerous standalone servers or appliances at the perimeter or within the local area network, or LAN, in order to have incoming traffic pass through multiple security products, such as firewall, IPS, antivirus, VPN, Web filtering and antispam. Passing traffic through multiple security products creates performance bottlenecks. In addition, maintaining numerous security products from different vendors is costly, cumbersome, and time-consuming, as servers running security software must be regularly updated and each software-based or appliance-based security product may have a separate management console, thereby making it difficult to get a holistic view of the state of security across the network. This management problem is compounded by the growth of remote locations within enterprises and the need to secure each of them, many of which have little or no local IT support. Furthermore, in the case of network outages, it is more difficult to isolate the root cause of an IT security problem when the problem could be caused by any of a number of vendors' products, each of which is serviced by separate third-party contract and support vendors. Organizations need fully integrated security solutions that are cost-effective to acquire, integrate and manage.
- *Lack of proactive and comprehensive security intelligence.* Given the continued rapid proliferation of network and content level attacks, organizations require comprehensive security protection and intelligence to protect against complex threats as they emerge. Currently, most security vendors provide intelligence and signature updates for only a subset of the threat landscape—such as antivirus vendors who address viruses and other content attacks but not network attacks such as worms, or the reverse case with firewall and IPS vendors. This approach may lead to a more vulnerable network as attacks attempt to enter an enterprise through various content and network level entry points. Even though an attack may be first detected and blocked at one level, the use of multiple point products can create gaps because the intelligence gained by blocking one source of the attack is not easily incorporated into a different vendors' security solutions to block an alternate source of that same attack. Organizations need a vendor that can deliver current and comprehensive network and content level security and intelligence within a single solution.

- *Limited deployment and configuration flexibility.* Traditional approaches to network security do not allow enterprises and service providers flexibility in deploying solutions, as many of these solutions are designed to be utilized in a single deployment scenario, such as the network perimeter, and cannot be used throughout the network. These approaches require enterprises and service providers to deploy multiple software or appliance solutions and to spend significant time and resources integrating the software and appliances, and do not allow the flexibility provided by a platform designed to permit upgrades to accommodate additional functionality. Organizations are increasingly seeking security solutions that enable them to rapidly and easily deploy a flexible and integrated solution in multiple areas of their networks without adding significant cost or complexity to the overall IT infrastructure.
- *Lack of a cost-effective and scalable means for service providers to deliver managed network and content level security services.* The complexity and speed of today's enterprise networks present a network security challenge that often exceeds the capabilities of in-house IT staff. As a result, many enterprises are turning to service providers to provide them with managed security services on an outsourced basis. According to Forrester Research, managed security services now account for more than $3 billion in annual service provider revenue, and is accelerating as IT clients continue to sharpen the focus on security.[1] These services can be delivered using appliances that are deployed and managed either on the end-customer's premises or on a hosted basis from the service provider's facilities. To deliver security services on a hosted basis, service providers need to cost-effectively provision uniquely tailored security services to as many customers as possible, without having to install a separate security appliance within their facilities for each customer. To deliver security services on a customer premises basis, service providers must provide a full range of security capabilities to their customers in a cost-effective fashion. Finally, service providers must protect their own networks from attack and typically require their security vendors to meet standards for performance and flexibility that are unique to the service provider industry.

The UTM market has emerged to address these challenges, but most UTM solutions are inadequate.

In order to address these challenges, the UTM market has emerged. IDC defines a UTM security appliance as an appliance that includes multiple security features, including, at a minimum, network firewalling, network intrusion detection and prevention and gateway antivirus and IDC forecasts that the UTM market will grow from $1.3 billion in 2007 to $3.5 billion in 2012, representing a compounded annual growth rate of 22.3%.[2] Based on IDC data, the UTM market is the fastest growing segment within the network security market.[2]

Effective UTM products address the challenges presented by network and content level IT security threats and the challenge of managing multiple point products by eliminating the need to deploy separate solutions for each standalone security function by integrating multiple security functions into a single appliance. The products offered by many vendors seeking to deliver the promise of UTM, however, are insufficient, and these products, while characterized by the vendors and recognized by industry analysts as UTM offerings, fall short of achieving the benefits that businesses and service providers are looking to realize from UTM. Most of these products, which include software-based security products, PC and server-based products and first generation security appliances running ASICs, cobble together existing network level firewall and intrusion prevention capabilities with security functions such as content level gateway antivirus, Web filtering or antispam from third-party vendors. This approach can create significant performance bottlenecks, as these products, whether they incorporate early-generation ASICs or general purpose processors, are not designed with adequate processing capabilities to perform the content level functions necessary for effective unified threat management. In addition, many of these products do not deliver robust, integrated network and content level functions that interoperate

(1) IT Outsourcers Enhance Buyers' Options For Enterprise Managed Security Services, July 2008.

(2) "Worldwide Network Security 2008-2012 Forecast and 2007 Vendor Shares: Transitions—Appliances Are More Than Meets the Eye," Doc #214246, October 2008.

seamlessly to protect against emerging threats. Finally, many such products do not offer centralized management from a single console. As a result, many existing solutions are perceived to be suitable only for small and medium sized businesses. An effective and advanced UTM solution must deliver a network security platform comprised of robust, fully integrated network and content level functions that interoperate seamlessly to protect against emerging threats and offer centralized management from a single console, all while maintaining high network performance.

The Fortinet Solution

Our flagship UTM solution consists of our FortiGate appliance product line and our FortiGuard security subscription services, which together provide a broad array of security and networking functions, including firewall, VPN, antivirus, intrusion prevention, Web filtering, antispam, and WAN acceleration. Our FortiGate appliances, from the FortiGate-50 for small businesses and branch offices to the FortiGate-5000 series for large enterprises and service providers, are based on our proprietary technology platform. This platform includes our FortiASICs that are specifically designed for accelerated processing of security and networking functions, and our FortiOS operating system that provides the foundation for all of our security functions. Our FortiGuard security subscription services provide end-customers with access to dynamic updates to our antivirus, intrusion prevention, Web filtering and antispam functionality based on intelligence gathered by our dedicated FortiGuard Global Threat Research Team. By combining multiple proprietary security and networking functions with our purpose-built FortiASIC and FortiOS, our FortiGate UTM solution delivers broad protection against dynamic security threats while reducing the operational burden and costs associated with managing multiple point products.

We complement our FortiGate product line with a family of FortiManager appliances, which enable end-customers to manage the system configuration and security functions of multiple FortiGate appliances from a centralized console, as well as FortiAnalyzer appliances which enable the collection, analysis and archiving of content and log data generated by our products. We also offer end-customers other appliances and software that provide additional protection, such as: (i) FortiMail, a family of multi-featured, high performance messaging security appliances, (ii) FortiDB, a family of appliances that provides centrally managed database-specific security, (iii) FortiClient, a software product that provides endpoint security for desktops, laptops and mobile devices and that is primarily used in conjunction with our FortiGate appliances, (iv) FortiWeb, an appliance that secures Web-based applications, and (v) FortiScan, an appliance designed to provide endpoint vulnerability assessment and remediation.

Key benefits of our solution include:

- *Accelerated, high performance unified threat management.* Our FortiGate appliances utilize our proprietary technology platform to deliver significantly faster security and networking performance relative to traditional network security solutions. FortiGate appliances combine our FortiASIC content processor with our FortiOS operating system to enable complete content inspection of network traffic at high speeds. For substantially all of our higher-end appliances, our FortiASIC network processor accelerates the processing of the network-level security functions, such as firewall and VPN, and networking functions, such as TCP offloading. Working together, these components provide fully integrated processing while delivering faster network performance than traditional network security solutions. Our network and content level functions are integrated to address new breeds of threats that blend content attacks with network attacks in an attempt to circumvent dedicated network security or content security products.
- *High quality security functionality.* Our high quality security functionality enables our end-customers to consolidate their security needs onto our UTM platform, enabling them to realize the cost benefits of a streamlined network infrastructure without sacrificing the effectiveness of their security defenses. We are the only security vendor to have products that are certified in five security categories by ICSA Labs.

We are certified in antivirus, antispam, firewall, IPsec VPN and intrusion prevention. Virus Bulletin has consistently issued us its Virus Bulletin 100 award based on our research capabilities and response times related to our antivirus accuracy rates in our FortiClient endpoint solution. Our FortiGate-800, FortiGate-1000A, and FortiGate-3600 appliances have been certified by The NSS Group, an independent security testing organization. Our FortiGate products have also received Federal Information Processing Standard, or FIPS, Federal National Institute of Standards and Technology (NIST) 140-2, and Common Criteria EAL4+ certifications. FIPS is a standard that describes U.S. federal government requirements that IT products should meet for sensitive, but unclassified, use.

- *Lower total cost of ownership.* By consolidating security functionality, reducing network complexity, integrating high performance capabilities and centralizing management functions, our UTM solutions are designed to lower our end-customers' total cost of ownership. Our FortiGate appliances, when combined with our FortiGuard services, provide fully integrated processing capabilities across seven networking and security functions, which eliminates the complexity and expense of purchasing and integrating separate single-function products from multiple vendors. In addition, multiple FortiGate appliances can be centrally managed using our FortiManager appliance, which enables secure, scalable monitoring of devices, network traffic and security events, as well as policy administration, for thousands of FortiGate appliances across a globally distributed network.
- *Superior flexibility and ease of deployment.* Our solution enables end-customers to access updates to antivirus, antispam, intrusion prevention and Web filtering functionalities on an on-demand basis as their network security needs evolve, without deploying additional hardware. In addition, we deliver operating system upgrades over the Internet to our end-customers' appliances, enabling our end-customers to benefit from our ongoing research and development activities without having to replace their existing security appliances. Because our appliances are designed to deliver content level security for a wide variety of network environments, our end-customers can deploy our products for the protection of core infrastructures, remote/branch offices, data centers, switching infrastructures, perimeter deployments and endpoints.
- *Dedicated, real-time security intelligence.* We have over 100 threat research professionals in our FortiGuard Global Threat Research Team that are solely focused on researching and developing advanced intelligence on, and providing solutions for, current and emerging security threats. Our FortiGuard Global Threat Research Team is dedicated to conducting real-time research on the latest intrusions, viruses, worms, spyware, spam, application and database vulnerabilities, and categorizing dangerous and inappropriate Web pages. Our FortiGuard Global Threat Research Team provides services 24 hours a day, seven days a week and 365 days a year, which enables us to rapidly update our security products and provide counter-measures to existing and emerging malicious threats to end-customers' networks. We derive a competitive advantage from our FortiGuard Global Threat Research Team, which has expertise across a wide variety of security disciplines.
- *Broad, end-to-end security protection.* We offer a broad range of appliances and software to enable end-customers to defend against a myriad of security threats at many critical areas throughout the organization, including within the network through our UTM solution, but also in areas such as messaging, Web-based traffic and databases, and employees' computers or handheld devices, through our other offerings. As a result of our broad security capabilities, we can address the security challenges of a spectrum of end-customers, ranging from small businesses and enterprises to service providers and government entities, across multiple industries and geographies. Our broad security portfolio enables our end-customers to consolidate their security needs onto our UTM platform and complementary products—enabling them to realize the benefits of a streamlined network infrastructure without sacrificing the effectiveness of their security defenses.
- *Broad and cost-effective security solutions for service providers.* We provide service providers with a broad solution to cost-effectively deliver managed security services to their customers or to secure their own networks. For appliances deployed by service providers on their customers' premises, our

solutions enable the service providers to minimize complexity and cost associated with the implementation and ongoing maintenance and management of multiple single-function appliances. For security solutions hosted from service providers' facilities, our system virtualization capabilities enable service providers to deliver a broad range of security services to thousands of customers, all from one single high-end FortiGate system. This capability allows service providers to add customers in a cost-effective and scalable fashion because they do not have to deploy a separate appliance for each new customer.

Our Strategy

Our objective is to enhance our position as a leading vendor in the network security market, while improving upon our already leading UTM market position. Key elements of our strategy include the following:

- *Extend our UTM technology leadership.* We intend to enhance our technological leadership position in the UTM market. Currently, approximately 35% of our employees are in research and development, and we will continue to invest in internal development to enhance our leading technology platform. We intend to continue to internally develop ASICs with improved functionality and performance capabilities. For example, we recently released an ASIC that accelerates firewall processing beyond 10 Gbps. We also intend to develop increased performance to the multi-Gbps level for network security functions requiring more processing power, such as IPS and antivirus, with a longer-term goal of 10 Gbps processing speeds for these functions. We believe continued investment in our technology platform will allow us to increase our UTM technological leadership relative to our competitors across both performance and functionality metrics.
- *Continue our security focus and expand into additional segments of the security market*. We intend to build our leadership beyond the UTM market by continuing to expand into the broader network security market. We believe our technological leadership in the UTM market, based on our proprietary FortiASICs and FortiOS, uniquely positions us to tackle additional challenges of performance and functionality required in other segments of the security market. For example, with the recent release of FortiOS, we introduced data loss prevention, or DLP, and application control, both of which are computationally intensive security features that can leverage the performance characteristics of Fortinet's technology platform. Furthermore, we intend to continue to consider acquisitions of businesses and technologies designed to improve and broaden our security offerings. We believe our focus on security is an important competitive differentiator versus some of our larger, more diversified competitors.
- *Continue to increase our sales to new large enterprise, service provider and government customers.* We intend to continue to deploy additional sales resources as well as leverage our existing channel and sales footprint to build our customer base and drive additional sales. While we intend to utilize the channel to drive sales growth across all of our target markets, we will also focus our sales efforts to gain new large enterprise, service provider and government customers. In particular, we believe our direct touch sales model enables us to meet the needs of larger customers while also leveraging the benefits of our channel.
- *Further expand sales within our existing customer base*. As of June 28, 2009, we had shipped over 450,000 appliances to more than 75,000 end-customers. We intend to further penetrate our existing customer base by selling them additional FortiGate appliances, FortiGuard security subscription services and complementary products, such as FortiManager, FortiAnalyzer, FortiDB, FortiWeb, FortiMail, FortiScan and FortiClient, as our end-customers' security, performance and management needs evolve. Once an end-customer has deployed our appliances in one location within their network, we market to these end-customers by emphasizing the broad capabilities and lower total cost of ownership advantages of using our appliances in another part of their network. Additionally, we intend to further penetrate service provider customers by continuing to sell additional FortiGate and related appliances to them as their subscriber bases grow.

- *Continue to build and optimize our worldwide channel partner footprint.* We have established a distribution channel program that, as of June 28, 2009, had approximately 5,000 channel partners worldwide. We believe the ease of use and installation of our appliances makes them well suited for distribution by channel partners. We work with many of the world's leading technology distributors, including Alternative Data Technology Inc., Ingram Micro Inc. and Tech Data Corporation. We intend to continue adding distributors and resellers to expand the global distribution of our solutions. We are pursuing additional strategic sales and marketing relationships with leading technology and consulting companies to drive overall operating leverage in the business.
- *Further enhance our security threat research capabilities.* We believe that our ability to detect and respond to the latest network and content level threats, through our FortiGuard service, provides us an important competitive advantage. We have built our FortiGuard Global Threat Research Team with over 100 threat research professionals dedicated to our services practice at multiple deployment locations worldwide. We intend to continue to invest in our global threat research capabilities and expand research in existing dynamic threat areas and developing areas that protect mobile, virtualized environments, VoIP, Extensible Markup Language, or XML, and other applications.

Technology and Architecture

Our proprietary FortiASIC, hardware architecture, FortiOS operating system and associated security and networking functions combine to form a platform that integrates security features and enables our products to perform sophisticated security processing for networks with high throughput requirements.

FortiASIC

Our FortiASIC family of ASICs is comprised of the FortiASIC content processor, or CP, line and the FortiASIC network processor, or NP, line. These custom ASICs are designed to enhance the sophisticated security processing capabilities implemented in software by accelerating the computational intensive tasks such as firewall policy enforcement or IPS anomaly detection. This architecture provides the flexibility of implementing accelerated processing of new threat detection without requiring a new ASIC release. We are able to implement additional new computationally intensive security tasks in later generations of ASICs thereby providing further acceleration capabilities. The FortiASIC CP is currently included in most of our entry-level and all of our mid-range and high-end FortiGate appliances. The FortiASIC NP is currently included in most of our high-end and some of our mid-range FortiGate appliances, delivering further accelerated firewall and VPN performance.

- *FortiASIC CP.* Our sixth generation FortiASIC CP implements several techniques in hardware to assist in computationally intensive tasks, such as protocol parsing and encryption/decryption processing associated with VPN. In addition, the FortiASIC CP implements other techniques, such as shared memory integration, to reduce the overhead associated with processing data in multiple locations. The FortiASIC CP is a critical component that accelerates processing of sophisticated content inspection tasks executed by the FortiOS.
- *FortiASIC NP.* Our second generation FortiASIC NP is an in-line processor that is designed to accelerate some of the common tasks associated with the processing of network traffic, especially in the context of network security. In particular, the FortiASIC NP is capable of accelerating several computationally intensive security tasks such as firewall policy enforcement, encryption and decryption of VPN traffic and traffic shaping, to enable increased network security protection while minimizing any impact to network bandwidth and throughput. The FortiASIC NP is also flexible in its ability to handle a variety of network traffic types and is agnostic to packet size and other attributes that are different among various network deployments.

Custom Hardware Architecture

Our custom hardware architecture provides the foundation for all FortiGate platforms, combining the integration of FortiASICs with general purpose processors, high-performance network interfaces and custom

expansion capabilities. By developing a custom hardware architecture, we are able to incorporate our ASICs within the system to optimize their ability to process traffic for network and security functions.

FortiOS

FortiOS provides the foundation for the operation of all FortiGate appliances, from the core kernel functions to the security processing feature sets. FortiOS provides multiple layers of security including a hardened kernel layer providing protection for the FortiGate system, a network security layer providing security for end-customers' network infrastructures, and application content protection providing security for end-customers' workstations and applications. FortiOS directs the operations of processors and ASICs as well as providing system management functions such as command-line and graphical user interfaces. We make available updates to the FortiOS through our FortiCare support services. FortiOS also enables advanced, integrated routing and switching, allowing end-customers to deploy FortiGate devices within a wide variety of networks, as well as providing a direct replacement solution option for legacy switching and routing equipment. The FortiOS implements a suite of commonly used routing protocols as well as address translation technologies allowing the FortiGate appliance to integrate and operate in a wide variety of network environments. Our technology permits seamless integration into existing network infrastructures with minimal disruption. Additional features include Virtual Domain, or VDOM, capabilities and traffic queuing and shaping enabling administrators to set the appropriate configurations and policies that meet their infrastructure needs. FortiOS also provides capabilities for logging of traffic for forensic analysis purposes which are particularly important for regulatory compliance initiatives like PCI DSS. FortiOS's packet classification, queue disciplines, policy enforcement, congestion management, and other traffic optimization functionality are designed to help control network traffic in order to optimize performance. FortiOS is FIPS 140-2 and Common Criteria EAL 4+ certified.

Security and Networking Functions

Our FortiOS incorporates the following seven core security and networking technologies:

- *Firewall*. Our firewall technology delivers high performance network and application firewalling, including the ability to enforce policies based on the application behavior. Our technology identifies traffic patterns and links them to the use of specific applications, such as instant messaging and peer-to-peer applications, permitting application access control. By coupling application intelligence with firewall technology, the FortiGate platform is able to deliver real-time security with integrated application content level inspection, thereby simplifying security deployments. ICSA Labs has certified our firewall functionality.
- *Virtual Private Network*. Our advanced VPN technology provides secure communications between multiple networks and hosts, through both secure socket layer, or SSL, and IPsec VPN technologies, leveraging our custom FortiASIC to provide hardware acceleration for high-performance communications and data privacy. Benefits include the ability to enforce complete content inspection and multi-threat security as part of VPN communications, including antivirus, Intrusion Prevention System, or IPS, and Web filtering. Additional features include traffic optimization providing prioritization for traffic across VPNs. ICSA Labs has certified our IPsec VPN functionality.
- *Antivirus*. Our antivirus technology provides protection against malware, including viruses, spyware and trojans. Our FortiGuard security subscription services provide updates to signatures to maintain a high level of accuracy and detection capabilities in our products. For the first six months of fiscal 2009, these updates were delivered an average of four times a day. ICSA Labs has certified our antivirus functionality.
- *Intrusion Prevention System*. Our IPS technology provides protection against current and emerging network level threats. In addition to signature-based detection, we perform anomaly-based detection whereby our system alerts users to traffic that fits a specific attack behavior profile. This behavior is

then analyzed by our FortiGuard Global Threat Research Team to identify threats as they emerge and generate new signatures that will be incorporated into our FortiGuard services. ICSA Labs has certified our IPS functionality.

- *Web Filtering*. Our Web filtering automation technology works in concert with our research team to collect, analyze and categorize websites to provide real-time protection through website ratings and categorization. Our Web filtering technology is a pro-active defense feature that identifies known locations of malware and blocks access to these malicious sources. In addition, the technology enables administrators to enforce policies based on website content categories, ensuring users are not accessing content that is inappropriate for their work environment. The technology restricts access to denied categories based on the policy by comparing each Web address request to a Fortinet hosted database. As of June 28, 2009, our Fortinet hosted database included approximately 47 million URLs, in more than 70 different languages, researched and categorized by us into over 75 content categories, including a malware category for known threat locations.
- *Antispam*. We employ a variety of antispam techniques to detect and block spam. These techniques include a hosted service performing algorithmic validations of messages against known spam messages, sophisticated reputation service designed to evaluate and track valid email sources and destinations, intelligent image scanning to evaluate the validity of images and dynamic heuristic rules to allow messages to be evaluated based on content within each message. These techniques can be combined to identify and block spam with high accuracy catch-rates and to minimize false positives. We test all filter, rule and definition updates against a large test database of messages to safeguard against inadvertent filtering of legitimate messages. ICSA Labs has certified our antispam functionality.
- *WAN Acceleration*. Our storage-enabled and storage-ready FortiGate appliances provide the ability to accelerate network traffic across the wide area network by implementing a combination of application content caching and protocol optimization techniques. Combined with our VPN technologies, end-customers can take advantage of low-cost public network infrastructures to extend their network reach while experiencing high-performance for their network traffic with comprehensive privacy and security.

In addition to the seven core security and networking functions mentioned above, we also incorporate additional technologies within FortiGate appliances that differentiate our UTM solution, including:

- *Application Control.* Our application control technology provides the ability to define granular network-based application policies giving end-customers additional control over application access. By designing and implementing a dynamic application behavior detection engine, FortiGate appliances can detect unique applications regardless of the underlying protocol. Many applications have migrated to Web-based interfaces, enabling opportunities to carry additional malicious threats. By identifying the application based on the characteristics of the traffic and behavior, policies can be set to control which Web applications are allowed or denied thereby reducing the opportunity for both known and new potentially malicious applications to penetrate the infrastructure.
- *Data Leakage Prevention (DLP).* Our DLP technology provides the ability to define rules based on corporate policies, and consequently detect and prevent confidential data from being distributed outside of the corporate network. By leveraging the inspection capabilities within FortiOS, these DLP policies are able to identify and stop the transmission of confidential data within various application content. Additional capabilities include the identification of the source where known confidential data is being originated from, thereby allowing administrative action to take place. Traffic that has been identified based on these corporate policies can be archived for further analysis.
- *Traffic optimization.* Our traffic optimization technology combines quality of service techniques with traffic shaping to provide better service to selected network traffic based on customer policies without causing interruptions to other traffic.

- *SSL inspection.* Our SSL inspection technology provides the ability to decrypt SSL application content for processing by the FortiOS. The ability to inspect encrypted SSL content enables our customers to ensure protection from malware that would be otherwise hidden from traditional security products, and enforce the full complement of security and networking features available within FortiOS.

Products

Our core product offerings consist of our FortiGate UTM appliance family, along with our FortiManager central management appliance and FortiAnalyzer central logging and reporting appliance, both of which are typically purchased to complement a FortiGate deployment.

FortiGate

Our flagship FortiGate appliances offer a set of security and networking functions, including firewall, VPN, antivirus, intrusion prevention, Web filtering, antispam and WAN acceleration. All FortiGate appliances are based on our proprietary operating system, FortiOS, and substantially all FortiGate models include our proprietary FortiASICs to accelerate content and network security features implemented within FortiOS. FortiGate appliances can be centrally managed through both embedded Web-based and command line interfaces, as well as through FortiManager which provides a central management architecture for thousands of FortiGate appliances.

By combining multiple network security functions in our purpose-built security platform, the FortiGate provides high quality protection capabilities and deployment flexibility while reducing the operational burden and costs associated with managing multiple point products. Through FortiGuard security subscription services, our products enable end-customers to add security functionality as required by their evolving business needs and the changing threat landscape. By purchasing FortiGuard security subscription services, end-customers obtain coverage and access to regular updates for antivirus, IPS, Web filtering and antispam functions for their FortiGate appliances.

With over 30 models in the FortiGate product line, FortiGate is designed to address security requirements for small-to-mid sized businesses, remote offices, large enterprises, and service providers. The table below presents an overview of the various FortiGate appliance models and capabilities:

Network Security Appliances	Target Market	Form Factor	U.S. List Price[1]	FortiGuard Services Available
FortiGate-30 through FortiGate-100 Series	• Small to Medium Business • Service Provider • Remote/Branch Office	Standalone	$300-$3,000	• Antivirus • IPS • Web filtering • Antispam
FortiGate-200 through FortiGate-800 Series	• Medium to Large Enterprise	Standalone & Rack Mountable	$3,000-$16,000	• Antivirus • IPS • Web filtering • Antispam
FortiGate-1000 through FortiGate-3000 Series	• Large Enterprise • Service Provider	Rack Mountable & AMC Modular	$15,000-$54,000	• Antivirus • IPS • Web filtering • Antispam
FortiGate-5000 Series	• Large Enterprise • Service Provider	Rack Mountable & ATCA Chassis (up to 14 blades)	$46,000-$1,140,000[2]	• Antivirus • IPS • Web filtering • Antispam

(1) Actual prices depend on various factors such as the particular configuration, volume of purchase and the availability and extent of discounts to list price.
(2) Highest list price reflected in the range is based on a fully-loaded chassis with 14 network security blades and associated accessories.

Each FortiGate appliance runs our FortiOS operating system, and substantially all include our FortiASIC CP. The significant differences between each model are the performance and scalability targets each model is designed to meet, while the security features and associated services offered are common throughout all models.

The FortiGate-30 through -100 series models are designed for perimeter protection for small- to mid-sized businesses and remote offices and as customer premises equipment for service providers. Optional wireless LAN, or WLAN, integration is available for the FortiGate-50, -60 and -80 models, marketed as FortiWiFi, delivering additional network access and security for wireless environments.

The FortiGate-200 through -800 series models are designed for perimeter deployment in mid-sized to large enterprise networks. These products offer increased capacity and scalability designed to provide high network performance while delivering the same broad security suite as all FortiGate models. Additionally, the FortiGate-310 and -620 models provide hardware modularity, allowing end-customers the flexibility to customize solutions to their requirements, as well as permitting us the opportunity to produce new modules to sell into existing end-customer deployments.

The FortiGate-1000 through -5000 series models deliver high performance and scalable network security functionality for perimeter, data center and core deployment in large enterprise and service provider networks. Additionally, most of these products provide hardware modularity, allowing end-customers the flexibility to customize solutions to their requirements, as well as permitting us the opportunity to produce new modules to sell into existing end-customer deployments. Products within the FortiGate-3000 and -5000 series leverage Advanced Mezzanine Card, or AMC, industry standards for hardware modularization to support the advanced networking requirements of large enterprises and service providers, including high-speed networking, WAN connectivity, and network attached storage connectivity. The FortiGate-5000 series is also compatible with the Advanced Telecommunications Computing Architecture, or ATCA, standard, resulting in a flexible hardware platform for system modularity. This modularization gives end-customers the ability to deploy an initial FortiGate configuration with room to grow as their network security needs evolve. The inclusion of network load balancing and advanced switching functionality provides additional flexibility in how end-customers utilize the FortiGate modules within the FortiGate chassis. In addition, our FortiGate-5000 series ATCA blades can be utilized in other third-party vendors' industry standard ATCA chassis, allowing FortiGates to be deployed into a much wider range of network solutions. Our FortiGate-5000 series appliances offer modular, chassis-based architecture based on the ATCA and AMC industry standards. We brand a subset of our FortiGate-3000 and -5000 series products as FortiCarrier to reflect products specifically targeting a subset of service providers. These products add incremental security, networking and management functionality often utilized in service provider deployments.

FortiGate System Virtualization (VDOM)

In addition to providing network and content level security, FortiOS also offers system virtualization capabilities—the ability to "divide" a security appliance into multiple separately provisioned and managed instances. This capability is currently deployed in substantially all of our FortiGate products as our virtual domain, or VDOM, feature, where administrators have the ability to segment a single FortiGate appliance platform into multiple FortiGate instances. Network security system virtualization, using our VDOM feature, provides isolation between each virtual system, giving administrators flexibility in configuration and traffic management capabilities for each virtual instance. For example, for a service provider that is delivering managed security services to multiple customers, each customer of the service provider may require a tailored set of

security services that suits their specific network requirements. To accomplish this, the service provider could use our FortiGate virtualization feature to partition one FortiGate blade or appliance into hundreds of instances, customizing each instance for each customer. This ensures that each of their customers' networks is separate and private with unique routing, management and policy enforcement. By implementing virtualization, each customer of a security service provider has the ability to refine its requirements to meet its specific goals. The virtualization of our FortiGate functionality lowers capital and operational expenditures for enterprises and service providers and simplifies administration and management.

Fortinet Management and Analysis Appliances

The table below presents the capabilities of our FortiManager and FortiAnalyzer appliances, which are typically sold in conjunction with a large FortiGate deployment:

Product	Feature Highlights	FortiGuard Services Available
FortiManager (Centralized management appliance)	• Configuration management • FortiOS upgrade management • Caching of FortiGuard updates	• Not applicable
FortiAnalyzer (Centralized reporting and analysis appliance)	• Network event correlation • Content archiving	• Vulnerability management services

FortiManager

Our FortiManager appliances provide a central management solution for our FortiGate appliances, including the wide variety of network and security features offered within FortiOS. One FortiManager appliance is capable of effectively managing thousands of FortiGate units, and also provides central management for FortiClient software. FortiManager facilitates the coordination of policy-based provisioning, device configuration and operating system revision management, as well as network security monitoring and device control.

FortiAnalyzer

Our FortiAnalyzer appliances are network logging, analyzing, and reporting appliances that securely aggregate content and log data from our FortiGate and other products as well as third-party devices to enable network logging, analysis and reporting. Additional functions such as vulnerability assessments and traffic analysis provide additional value for customers seeking to control and monitor their network infrastructure and security policies. A full range of content and log data, including traffic, event, virus, attack, Web content, and email data may be archived, filtered and mined for compliance or historical analysis purposes. The appliance comes with a suite of standard reports as well as the ability to customize reports.

Additional Fortinet Solutions

We also offer other appliances and software that protect our end-customers from security threats to other critical areas in the enterprise, such as messaging, Web-based traffic and databases, and employee's computer or handheld devices.

Product	Feature Highlights	FortiGuard Services Available
FortiMail (Email antispam and security appliance)	• Inbound and outbound email spam protection • Email antivirus protection • Email content archiving	• Antispam • Antivirus
FortiDB (Database security appliance)	• Database vulnerability assessment • Activity monitoring and auditing for database transactions • Database discovery	• Database policy updates
FortiClient (Endpoint security software)	• Antivirus • Antispam • Personal firewall • IPsec VPN • Web content filtering • Data loss prevention • WAN acceleration	• Antivirus • Antispam • Web filtering
FortiWeb (Web application firewall appliance)	• XML IPS and validation • SSL acceleration • Server load balancing	• Not applicable
FortiScan (Endpoint vulnerability management appliance)	• Vulnerability assessment and remediation • Patch management • Network device inventory (hardware, OS and applications)	• Vulnerability management services

FortiMail

Our FortiMail appliances provide protection against threats conveyed by messaging applications, including blended threats such as a coordinated, single attack comprised of spam, viruses and worms. These systems offer flexibility to support a variety of existing deployments with minimal change to existing infrastructure. The FortiMail systems utilize a customized operating system designed to inspect and clean both inbound and outbound email traffic. FortiMail detects security threats through sophisticated antispam, antivirus and anti-malware engines. Additional functionality designed to eliminate deployment barriers and increase system value includes email routing, system virtualization, and archiving.

FortiDB

Our FortiDB appliance provides a comprehensive solution for database security assessment, identifying potential vulnerabilities that otherwise could be exploited by attackers. This solution is able to discover databases within a network infrastructure allowing administrators to confirm known databases and identify potentially harmful unknown or unauthorized databases. The ability to evaluate and report on database software and database server vulnerabilities provides the database administrator with a comprehensive list of security concerns and recommended actions to remediate them ensuring a security-hardened database environment.

FortiClient

Our FortiClient product is an endpoint software solution designed to be used in connection with our FortiGate appliances to provide security features for enterprise computers and mobile devices. The feature set includes personal firewall, IPsec VPN, antivirus, Web filtering, WAN acceleration, DLP and antispam. FortiClient is supported by FortiGuard security subscription services to help ensure endpoints are protected on a real-time basis against current and emerging threats. FortiClient software is available for Microsoft Windows XP, Microsoft Vista, Microsoft Windows Mobile and Symbian operating systems.

FortiWeb

Our FortiWeb appliance provides Web application firewalls and networking features designed to protect, balance, and accelerate Web applications. The FortiWeb is designed for medium and large enterprises, cloud service providers and consumer Internet and e-commerce companies, and can significantly reduce the deployment time and complexities of introducing Web applications. The FortiWeb applies our industry leading threat research to protect Web application servers, improving the security of confidential information and aiding in legislative and PCI DSS compliance. FortiWeb goes beyond traditional Web application firewalls to provide XML security enforcement, application acceleration, and server load balancing.

FortiScan

Our FortiScan appliance provides endpoint vulnerability management, inventory (asset and software) industry compliance evaluation, patch management and remediation, auditing and reporting. These tasks are important for enterprises to assess and ensure the defensive capabilities of their endpoints. The ability to provide agent-less and agent-based vulnerability assessment allows for flexibility in deployment with minimal impact on endpoint configurations. Additionally, administrators are able to remediate vulnerabilities found within endpoints from a central location without user participation simplifying security and compliance initiatives. The FortiScan product is Security Content Automation Protocol, or SCAP, certified (SCAP is a federal certification for endpoint security produced by the National Institute of Standards and Technology).

Services

FortiGuard Security Subscription Services

Security requirements are dynamic due to the constantly changing nature of threats. Using automated processes, our FortiGuard Global Threat Research Team, comprised of over 100 professionals, identifies emerging threats, collects threat samples, and replicates, reviews and characterizes attacks. Based on this research, we develop updates for virus signatures, attack definitions, scanning engines, and other security solution components to distribute to end-customers through our FortiGuard global distribution network. Our FortiGuard security subscription services are designed to allow us to quickly deliver new threat detection capabilities to end-customers worldwide as new threats evolve. End-customers purchase FortiGuard security subscription services in advance, typically for a one-year term, to obtain coverage and access to regular updates for antivirus, intrusion prevention, Web filtering and antispam functions for our FortiGate appliances, antivirus, Web filtering and antispam functions for our FortiClient software, antivirus and antispam functions for our FortiMail appliances. We provide FortiGuard services 24 hours a day, seven days a week.

- *Antivirus*. Through our FortiGuard Antivirus service, we provide updates for several of our network appliance products and endpoint software with the latest antivirus defenses against evolving threats. Through 25 releases per week on average, we add or update on average 110,000 antivirus signatures each week to the approximately 8 million antivirus signatures already in our database to protect against evolving malware threats, such as viruses, spyware, and worms. In addition to antivirus signatures, our products utilize “anomaly-based detection” techniques through which detection occurs by recognizing data patterns that do not conform to what is considered a typical signature to defend against an additional set of unknown threats.
- *Intrusion Prevention System*. Through our FortiGuard IPS service, we provide end-customers with the latest defenses against suspicious network activity. We provide three IPS releases per week on average to add to the more than 5,100 IPS signatures already in our database. We also offer end-customers the ability to define their own detection profiles and signatures for use with their FortiGate products.
- *Web Filtering*. Through our FortiGuard Web Filtering service, we deliver updates to the hosted Web filtering database to regulate Web activities, allowing end-customers to meet human resources and corporate internet usage policies and educational compliance requirements and help block access to

harmful or non-productive websites. Our researchers use a combination of automation tools and targeted research analysis to gather and review website URLs and to rate and categorize URLs into over 75 different categories on a real-time basis, including a malware category for known threat locations. In the first six months of fiscal 2009, through approximately 260 releases per week on average, we added and updated approximately 400,000 URLs per week to our hosted FortiGuard URL filtering database of over 47 million URLs.

- *Antispam*. The FortiGuard antispam service is the delivery mechanism for antispam signature updates for FortiGate, FortiMail and FortiClient products. For the first six months of fiscal 2009, we updated our antispam database on average 900 times per week based on real-time data collected from decoy email addresses and update on average over 28 million new antispam signatures weekly to augment our current database of antispam signatures.
- *Database Policies for FortiDB*. Through our FortiGuard FortiDB database service, we deliver updates to policies utilized by our FortiDB appliance. These updates typically consist of changes to the more than 575 FortiDB policies that cover known exploits, configuration weaknesses, OS issues, operational risks, and data access privileges. FortiDB uses the policies to generate actionable reports so that organizations can ensure databases conform to corporate standard configurations, implement tests for custom applications, or conduct penetration testing of databases. Updates, which incorporate the latest regulatory or industry best practices, are sent through the FortiGuard global distribution network, typically once a month.
- *Vulnerability Management*. Through our FortiGuard Vulnerability and Compliance Management, or FortiGuard-FCM, service, we deliver vulnerability database updates for our FortiAnalyzer and FortiScan products. These updates help organizations minimize the risk of vulnerabilities by enabling our FortiScan products to quickly discover vulnerabilities, measure the potential risk of these vulnerabilities, and then provide the information necessary to mitigate these risks. The comprehensive vulnerability database delivered via our FortiGuard global distribution network contains more than 7,100 vulnerability signatures and is updated approximately three times per week.

FortiCare Technical Support Services

Our FortiCare services are our technical support services for the software, firmware and hardware in our products. In addition to our standard support service offering, we offer a premium service that offers faster response times and dedicated support oriented towards major accounts.

For our standard technical support offering for our products, channel partners often provide first level support to the end-customer, especially for small and mid-sized end-customers, and we typically provide second and third level support to our end-customers. We also provide knowledge management tools and customer self-help portals to help augment our support capabilities in an efficient and scalable manner. We provide technical support to partners and end-customers 24 hours a day, seven days a week through regional technical support managers located worldwide. Our service representatives work with our end-customers to qualify and characterize the issue at hand, and to efficiently route the FortiCare case to the appropriate specialized customer service engineer. In addition to post sales support activities, our support organization places emphasis on service readiness by coordinating with our product management team to ensure the attainment of defined pre-requisite quality levels for our products and services prior to release.

Training Services

We offer training services to our end-customers and channel partners, through our training department and authorized training partners. These services are designed to help educate end-customers and partners regarding implementation, use and functionality, and maintenance and support of our products. We have also implemented a training certification program to ensure an understanding of our products and services. As of June 28, 2009, more than 13,000 individuals have participated in our training programs.

Professional Services

We offer professional services to end-customers primarily for large implementations where expert technical resources are required. Our professional services consultants help in the design of deployments of our products and work closely with end-customer engineers, managers and other project team members to implement our products according to design, utilizing network analysis tools, attack simulation software and scripts.

Customers

We sell our security solutions through channel partners to end-customers of various sizes—from small businesses to large enterprises and service providers—and across a variety of industries including telecommunications, government, financial services, retail, education, technology, healthcare and manufacturing. An end-customer deployment may involve one of our appliances or thousands, depending on our end-customers' size and security requirements. As of June 28, 2009, we had shipped over 450,000 appliances to more than 5,000 channel partners and 75,000 end-customers worldwide, including a majority of the 2009 Fortune Global 100.

No direct end-customer or channel partner accounted for over 10% of our total revenue in fiscal 2008, except for one distributor that accounted for approximately 12% of total revenue in fiscal 2008 and approximately 13% for the first six months of fiscal 2009.

Our end-customers deploy our products to provide security for a wide variety of network environments. Our network deployment scenarios include protection for core infrastructures, remote / branch offices, data centers, switching infrastructures, perimeter deployments and endpoints.

Customer Case Studies

The following are examples of how our security products have been deployed in customer environments to provide protection:

- *Enterprise*. A prominent financial firm wanted to ensure fast connectivity to quickly execute financial transactions on its enterprise network while also managing the costs associated with delivering security solutions across an expanded and complex enterprise network infrastructure. The firm sought a UTM solution to replace multiple security point solutions which were difficult to manage, expensive to maintain, and ultimately ineffective in detecting and remediating network security threats. After deploying FortiGate appliances at both the network's core and at various high-traffic points, the firm is now able to better manage traffic flows while enforcing greater security and compliance/auditing functions. By replacing multiple point products with our UTM solution, the firm not only enhanced its network security, but also reduced its total cost of ownership.
- *Distributed Enterprise*. A Fortune 500 company, with hundreds of retail locations across the US, provided free WiFi to enhance its customer's retail experience. In doing so, it needed a cost effective solution that required minimal footprint to maintain the security of its own network as well as comply with PCI mandates, which require guest networks to be separate from the point of sale, or POS, network. By deploying our FortiGate appliances at more than 800 retail sites, the company was able to segment its network, address PCI compliance requirements, enhance security across both of its data networks, reduce the physical footprint taken up by point security solutions, and deliver a lower total cost of ownership by enabling remote management of these appliances from a single management console.
- *Service Provider.* A leading global telecommunications provider sought to offer managed security services for its corporate customers in a cost efficient manner. Avoiding the significant costs associated with deploying hundreds of new appliances within their data networks to support the delivery of managed security services, the company utilized our high-end FortiGate-5000 series appliances to serve as the backbone for two revenue-generating managed security services—a secured and managed

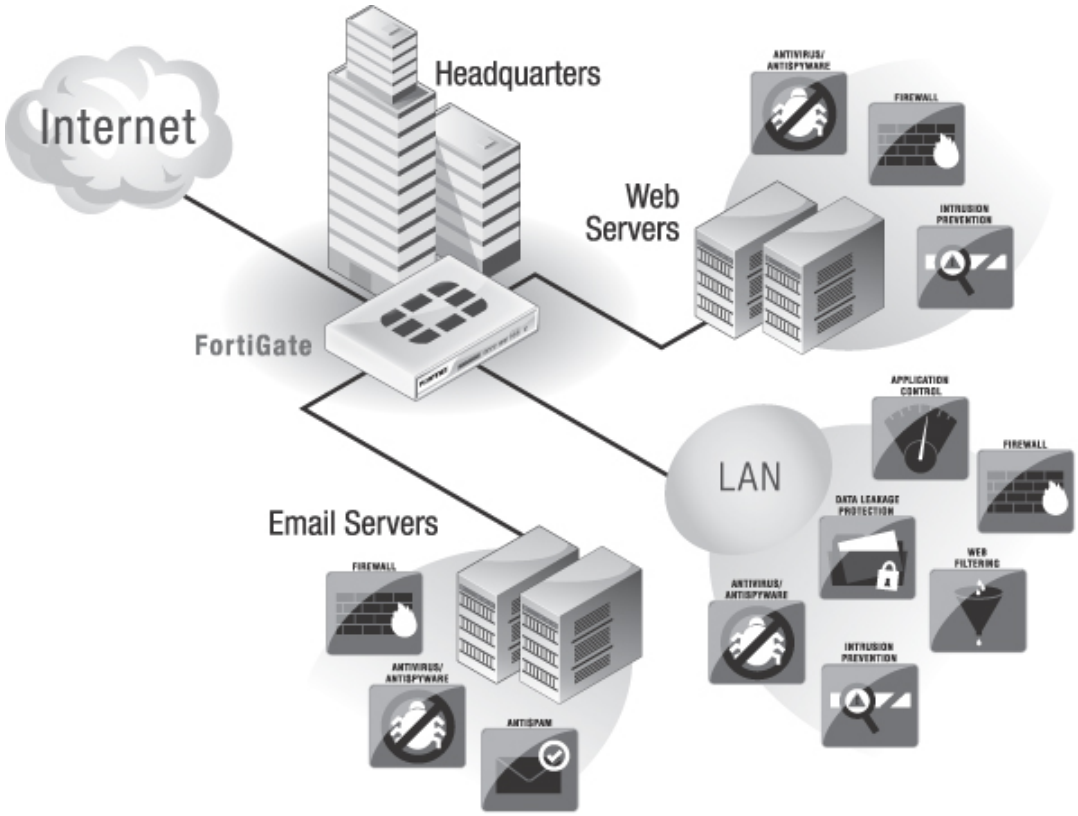
internet access offering and a clean-pipe high-speed security service for antivirus, antispam and IPS, both for business customers. By utilizing the FortiGate's VDOM feature, which enables the partitioning of FortiGate appliances into multiple virtual appliances, the company was able to deploy managed security services across its subscriber base with minimal incremental investment.

- *Government Cyber Security*. In order to adhere to the increasing regulatory and compliance requirements placed on governmental organizations, a leading federal defense organization looked to enforce greater levels of security in handling sensitive data across its global network. Our FIPS, Common Criteria EAL-4+, and IPv6 certified FortiGate appliances provided the end-to-end multi-layer security essential to protecting mission-critical sensitive information. Our products, which are frequently tested against a stringent set of cyber security standards, are certified for operation in sensitive environments. By utilizing our FortiGate appliance platform, the organization was able to address its cyber security requirements at a lower total cost of ownership.
- *Enterprise Database Security.* To meet its regulatory compliance requirements, a leading global financial services firm required a database security, auditing and reporting solution for its more than 6,500 databases located around the globe. These databases held highly sensitive corporate, legal and customer data, and required dedicated systems to ensure their protection against a myriad of threats, especially those specifically targeting database platforms. The customer selected our FortiDB appliance to seamlessly audit these thousands of databases and easily manage them from a single console. Through its centralized management platform, FortiDB has provided this customer with a platform for Sarbanes-Oxley compliance while improving efficiency and reducing total cost of ownership. Since deploying FortiDB, the company estimated ROI on its purchase as a result of the reduction in man hours required for the prior reporting process.

The following examples illustrate typical deployment scenarios for our FortiGate and related appliances:

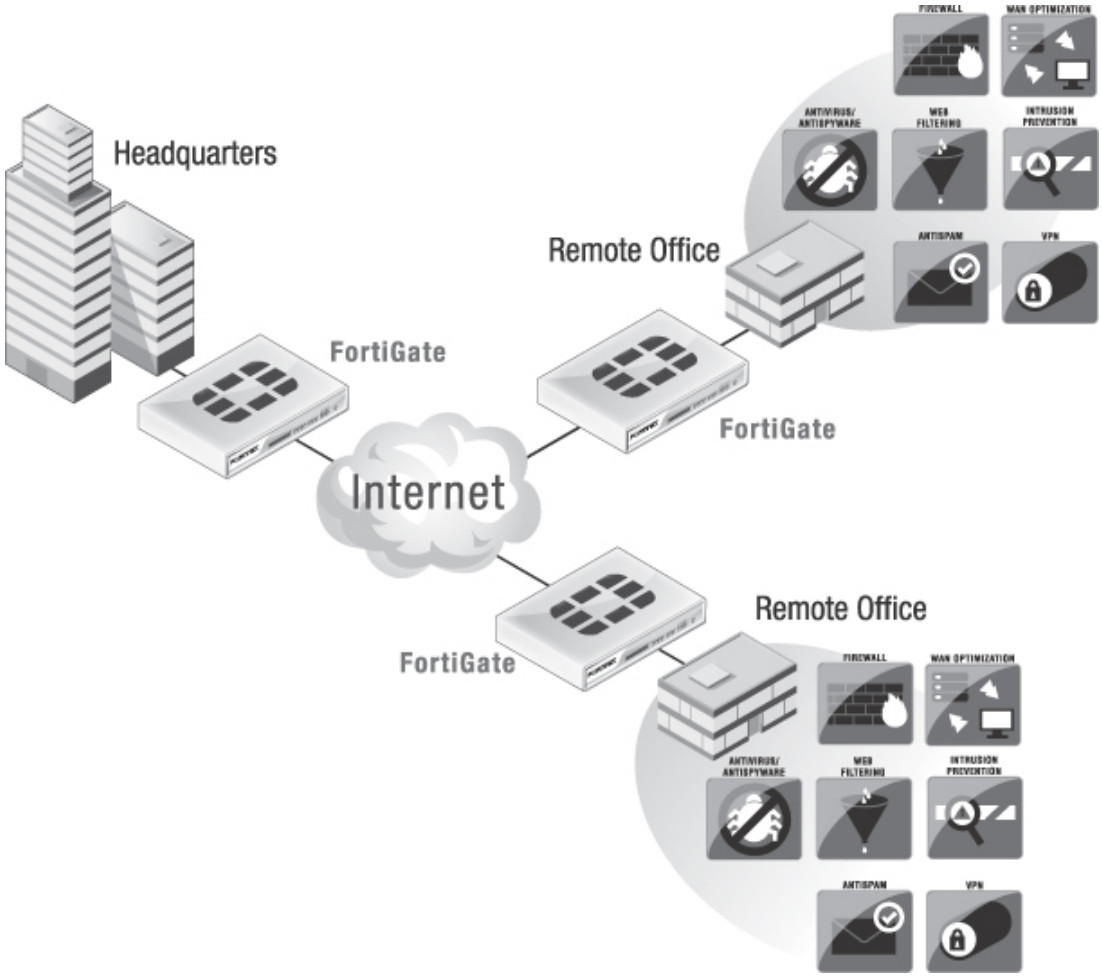
Large Enterprise Deployment

The following diagram represents a large enterprise data center deployment using our FortiGate products. The FortiGate appliance is deployed in the data center to provide security segmentation within the company's enterprise networks. In this scenario, our products enable the segmentation of the network into three parts: (i) the Web server segment that connects corporate Web servers to public Internet users; (ii) the email server segment that connects internal corporate email servers providing access to enterprise end-users; and (iii) the LAN, providing network access to enterprise end-users. The FortiGate appliance allows administrators the ability to deploy a tailored set of features within each network segment. In this scenario, the customer has deployed firewall, antivirus, and IPS for the Web server segment, firewall, antispam and antivirus for the email server segment and firewall, DLP, application control, Web filtering, IPS and antivirus for the LAN segment. End- customer deployments may vary with the amount and diversity of features deployed.



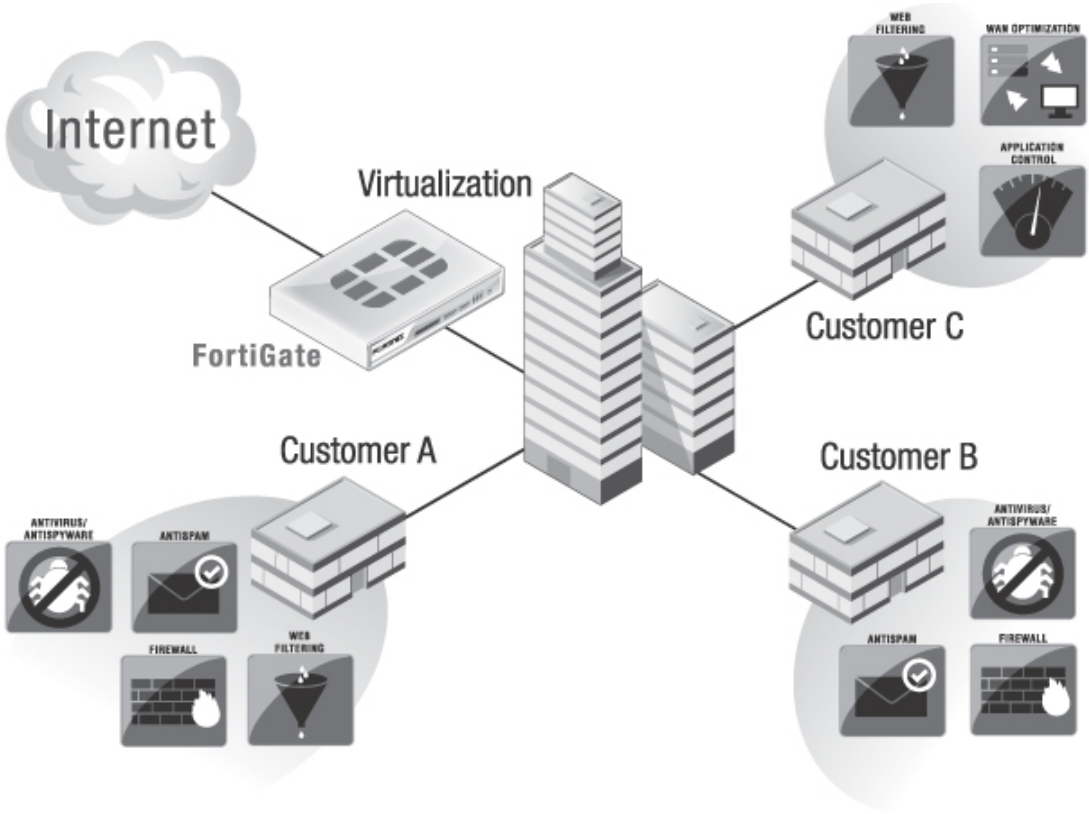
Distributed Enterprise Deployment

The following diagram represents a distributed enterprise deployment comprised of a main corporate office and multiple remote locations using our FortiGate products. The FortiGate appliances are deployed in both the remote offices and the corporate office locations to provide secure remote access between locations using IPsec VPN. Additionally, the remote locations utilize multiple security technologies including firewall, antivirus, antispam, IPS and Web filtering. The addition of WAN acceleration provides additional benefits by improving network performance between the remote locations and the main corporate office. In this example, the distributed enterprise implementation consists of high-end FortiGate deployments at the corporate headquarters and entry-level FortiGate deployments at other remote locations which complete the VPN connectivity and WAN acceleration across the distributed enterprise as well as providing core network firewall, antivirus and IPS protection for all locations.



Service Provider Deployment

The following diagram represents a service provider hosted security offering using our FortiGate products. The high-end FortiGate appliance is deployed in the service provider's data center to deliver security for customers subscribing to the service provider's internet services. A typical deployment is implemented with our VDOM technology, which enables service providers the ability to utilize the FortiGate's security virtualization capabilities across hundreds of customers leveraging a single appliance while simulating multiple appliances. In this scenario, the service provider is able to deliver tailored security offerings based on the customer's specific requirements. Customer A is subscribing to firewall, antispam, antivirus and Web filtering. Customer B is subscribing to antispam, firewall and antivirus. Customer C is subscribing to application control, WAN optimization and Web filtering. This deployment enables additional revenue opportunities for the service provider without additional equipment purchases.



Sales and Marketing

We primarily sell our products and services directly to distributors who sell to resellers and service providers, who, in turn, sell to our end-customers. In certain cases, we sell directly to government focused resellers, very large service providers and major systems integrator partners who have large purchasing power and unique customer deployment demands. As of June 28, 2009, our distribution channel program had approximately 5,000 channel partners worldwide. We work with many of the world's leading technology distributors, including Arrow Electronics, Inc., Ingram Micro Inc. and Tech Data Corporation.

We support our channel partners with a team of experienced channel account managers, sales professionals and sales engineers who provide business planning, joint marketing strategy, and pre-sales and operational sales support. Additionally, our sales team often helps drive and support large enterprise and service provider sales through a direct touch model. Our sales professionals and engineers typically work alongside our channel partners and directly engage with end-customers to address their unique security and deployment requirements. Our sales cycle for an initial end-customer purchase typically ranges from three to six months, but can be longer especially for large enterprises, service providers and government customers. To support our broadly dispersed global channel and end-customer base, we have sales offices in over 30 countries around the world.

Our marketing strategy is focused on building our brand and driving end-customer demand for our security solutions. We execute this strategy by leveraging a combination of internal marketing professionals, and a network of regional and global channel partners. Our internal marketing organization is responsible for branding, product marketing, channel marketing and sales support programs. We focus our resources on programs, tools and activities that can be leveraged by partners worldwide to extend our marketing reach, such as sales tools and collateral, product awards and technical certifications, training, regional seminars and conferences, webinars and various other demand-generation activities.

Manufacturing and Suppliers

We outsource the manufacturing of our security appliance products to a variety of contract manufacturers and original design manufacturers. Our current manufacturing partners include Flextronics International Ltd., Micro Star International, Ltd., Creation Technologies, Inc. and a number of additional Taiwan-based manufacturers. We submit purchase orders to our contract manufacturers that describe the type and quantities of our products to be manufactured, the delivery date and other delivery terms. Once our products are manufactured, they are sent to either our headquarters in Sunnyvale, California, or to our logistics partner in Taoyuan City, Taiwan, where accessory packaging and quality-control testing are performed. We use one third-party logistics provider that accounted for a material portion of our shipments in fiscal 2008 and in the first six months of fiscal 2009. We believe that outsourcing our manufacturing and a substantial portion of our logistics enables us to conserve capital, better adjust manufacturing volumes to meet changes in demand and more quickly deliver products, while allowing us to focus resources on our core competencies. Our proprietary FortiASIC, which is the key to the performance of our appliances, is fabricated by contract manufacturers in foundries operated by UMC and TSMC. Faraday (using UMC's foundry) and K-Micro (using TSMC's foundry) manufacture our ASICs on a purchase order basis, and we have no long-term contracts with these foundries that guarantee any capacity or pricing terms. Accordingly, they are not obligated to continue to fulfill our supply requirements, and the prices we are charged for the fabrication of our ASICs could be increased on short notice.

Research and Development

We focus our research and development efforts on developing new products and systems, and adding new features to existing products and systems. Our development strategy is to identify features, products and systems for both software and hardware that are, or are expected to be, needed by our end-customers. Our success in designing, developing, manufacturing and selling new or enhanced products will depend on a variety of factors, including the identification of market demand for new products, product selection, timely implementation of product design and development, product performance, effective manufacturing and assembly processes and sales and marketing.

As of June 28, 2009, our research and development organization has headcount of 398 people predominantly in Canada, China, and the United States. Our research and development expense in fiscal 2006 was $21.4 million, in fiscal 2007 was $27.6 million, in fiscal 2008 was $37.0 million and in the first six months of fiscal 2009 was $20.4 million.

Intellectual Property

We rely primarily on patent, trademark, copyright and trade secrets laws, confidentiality procedures and contractual provisions to protect our technology. As of June 28, 2009, we had 27 issued U.S. patents, 4 issued Chinese patents, 88 patent applications pending for examination in the United States and 27 patent applications pending for examination in China, 19 of which are related to U.S. applications. We purchased most of our issued U.S. patents and many of our pending U.S. patent applications from other entities.

Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy aspects of our products or obtain and use information that we regard as proprietary. We generally enter into confidentiality agreements with our employees, consultants, vendors and customers, and generally limit access to and distribution of our proprietary information. However, we cannot assure you that the steps taken by us will prevent misappropriation of our technology. In addition, the laws of some foreign countries do not protect our proprietary rights to as great an extent as the laws of the United States, and many foreign countries do not enforce these laws as diligently as government agencies and private parties in the United States.

Our industry is characterized by the existence of a large number of patents and frequent claims and related litigation regarding patent and other intellectual property rights. In particular, leading companies in the networking industry have extensive patent portfolios. From time-to-time, third parties, including certain of these leading companies, have asserted and may assert patent, copyright, trademark and other intellectual property rights against us, our channel partners or our end-customers. Successful claims of infringement by a third party could prevent us from distributing certain products or performing certain services or require us to pay substantial damages (including treble damages if we are found to have willfully infringed patents or copyrights), royalties or other fees. Even if third parties may offer a license to their technology, the terms of any offered license may not be acceptable and the failure to obtain a license or the costs associated with any license could cause our business, operating results or financial condition to be materially and adversely affected. We typically indemnify our end-customers and distributors against claims that our products infringe the intellectual property of third parties.

Competition

The markets for our products are extremely competitive and are characterized by rapid technological change. The principal competitive factors in our markets include the following:

- product performance, features, effectiveness, interoperability and reliability;
- technological expertise;
- price of products and services and total cost of ownership;
- brand recognition;
- customer service and support;
- sales and distribution capabilities;
- compliance with industry standards and certifications;
- size and financial stability of operations; and
- breadth of product line.

Our competitors include networking companies such as Cisco Systems, Inc., and Juniper Networks, Inc., security vendors such as Check Point Software Technologies Ltd., McAfee, Inc., and SonicWALL, Inc., and other point solution security vendors.

We believe we compete favorably based on our products' performance, reliability and breadth, and our ability to add and integrate new networking and security features and based on our technological expertise.

Several competitors are significantly larger, have greater financial, technical, marketing, distribution, customer support and other resources, are more established than we are, and have significantly better brand recognition. Some of these larger competitors have substantially broader product offerings and leverage their relationships based on other products or incorporate functionality into existing products in a manner that discourages users from purchasing our products. Based in part on these competitive pressures, we may lower prices or attempt to add incremental features and functionality.

Conditions in our markets could change rapidly and significantly as a result of technological advancements or continuing market consolidation. The development and market acceptance of alternative technologies could decrease the demand for our products or render them obsolete. Our competitors may introduce products that are less costly, provide superior performance or achieve greater market acceptance than our products. In addition, our larger competitors often have broader product lines and market focus, are in a better position to withstand any significant reduction in capital spending by end-customers in these markets, and will therefore not be as susceptible to downturns in a particular market. The above competitive pressures are likely to continue to adversely impact our business. We may not be able to compete successfully in the future, and competition may harm our business.

Employees

As of June 28, 2009, our total headcount was 1,151 people including payrolled contractors. We had 398 in research and development, 376 in sales and marketing, 233 in services and support, 44 in manufacturing operations, and 100 in a general and administrative capacity. As of June 28, 2009, our headcount was 273 people in the United States, 371 in Canada, 72 in France, 203 in China and 232 in other countries.

None of our employees is represented by a labor union with respect to his or her employment with us; however, our employees in France and Italy are represented by a collective bargaining agreement. In France, the agreement is the Convention Collective Syntec, and in Italy, it is the National Collective Labour Contract. We have not experienced any work stoppages, and we consider our relations with our employees to be good.

Facilities

Our corporate headquarters are located at 1090 Kifer Road, Sunnyvale, California in an office consisting of approximately 107,000 square feet. The lease for this office expires in September 2013. We sublease approximately 23,000 square feet of this space pursuant to a sublease that expires in December 2011.

In addition to our headquarters, we lease approximately 15,000 square feet of data center space and a total of approximately 79,000 square feet of office space in several buildings in Burnaby, Canada under various leases that expire between December 2009 and July 2015, approximately 17,000 square feet of office space in Ottawa, Canada under a lease that expires in February 2014, approximately 15,500 square feet of office space in Sophia, France under a lease that expires in December 2013, and approximately 26,000 square feet of office space in Beijing, China under a lease that expires in August 2011. We also lease sales and support offices in Australia, Austria, Belgium, The Czech Republic, Germany, Hong Kong, India, Indonesia, Italy, Japan, Korea, Malaysia, Mexico, the Netherlands, Philippines, Poland, Singapore, Spain, Sweden, Switzerland, Taiwan, Thailand, United Arab Emirates, and the United Kingdom. We believe that our existing properties are in good condition and are sufficient and suitable for the conduct of our business.

Legal Proceedings

From time-to-time, we are involved in various legal proceedings arising from the normal course of business activities.

In May 2004, Trend Micro Incorporated filed a complaint against us alleging that we infringed a Trend Micro patent related to antivirus software. The International Trade Commission, or ITC, subsequently instituted

an investigation which, in 2005, resulted in an exclusion order and a cease and desist order prohibiting us from selling a broad array of our products in the United States. In January 2006 we settled the lawsuit with Trend Micro pursuant to a settlement and license agreement, and subsequently the ITC terminated its action and rescinded the orders. Pursuant to the settlement and license agreement, we initially paid Trend Micro $15 million, and the settlement and license agreement provides for additional quarterly royalty payments, not expected to exceed 1% of our total revenue each quarter, through 2015. In November 2008, we filed a complaint against Trend Micro in the United States District Court for the Northern District of California alleging, among other claims, that the patents that are the basis for the ongoing royalty payments are invalid and consequently that we have no contractual obligation to pay the royalties. Trend Micro moved to dismiss the case, and, in June 2009, the court dismissed the case without prejudice on procedural grounds, and we appealed the dismissal in July 2009. Based on the dispute, we have ceased paying royalties under the settlement and license agreement. It is our understanding that, on August 6, 2009, Trend Micro filed a complaint against us in the Superior Court of the State of California for Santa Clara County. We have not received a copy of the complaint. According to the court docket, the complaint alleges breach of contract. Because this dispute is at an early stage, it is not possible to predict the outcome.

In January 2009, we filed a complaint against Palo Alto Networks, Inc., in the United States District Court for the Northern District of California alleging, among other claims, patent infringement, and Palo Alto Networks has threatened to countersue for patent infringement. In May 2009, Enhanced Security Research, LLC, or ESR, a non-practicing entity, filed a complaint in the United States District Court for the District of Delaware alleging patent infringement by us and other defendants. On August 3, 2009, ESR filed a substantially similar complaint against us in the same court alleging infringement of the same patents. We believe that the second case was filed for procedural reasons and expect that the earlier filed case will be dismissed. Both cases are currently at the early stage of the litigation process.

Except as described above, we are not a party to any litigation the outcome of which, if determined adversely to us, would individually or in the aggregate be reasonably expected to have a material adverse effect on our business, operating results, cash flows or financial condition.

MANAGEMENT

Executive Officers and Directors

The following table sets forth information about our executive officers and directors as of June 28, 2009:

Name	Age	Position
Executive Officers:		
Ken Xie	46	Co-Founder, President, Chief Executive Officer and Director
Michael Xie	40	Co-Founder, Vice President of Engineering, Chief Technical Officer and Director
Kenneth Goldman	60	Vice President and Chief Financial Officer
John Whittle	41	Vice President and General Counsel
Non-Employee Directors:		
David Tsang[1][2][3]	67	Director and Non-Executive Chairman of the Board
George Hara	56	Director
Hong Liang Lu[2][3]	54	Director
Greg Myers[1]	59	Director
Christopher B. Paisley[1]	56	Director
John Walecka[2][3]	49	Director

(1) Member of our Audit Committee.
(2) Member of our Compensation Committee.
(3) Member of our Nominating and Corporate Governance Committee.

Ken Xie has served as our President and Chief Executive Officer since he co-founded the company in October 2000. Prior to co-founding Fortinet, Mr. Ken Xie was Founder, President and Chief Executive Officer of NetScreen Technologies, Inc., which was acquired by Juniper Networks, Inc. in 2004. Additionally, Mr. Ken Xie was Managing Partner of Jedi Venture, Founder, President, and Chief Executive Officer of Stanford Infosystems and Security Architect for Healtheon Corp. and Philips Semiconductors. Mr. Ken Xie received a B.S. and an M.S. in electronic engineering from Tsinghua University in China and also attended Stanford University, where he pursued a graduate degree in electrical engineering.

Michael Xie has served as our Vice President of Engineering and Chief Technical Officer since co-founding the company in October 2000. Previously, he held positions as Vice President of Engineering for ServGate, Software Director and Architect for NetScreen Technologies, Inc., and Senior Software Engineer for Milkyway Networks Corp. Mr. Michael Xie has an M.S. degree in electrical engineering from the University of Manitoba in Canada as well as a B.S. and an M.S. in automobile engineering from Tsinghua University in China.

Kenneth Goldman has served as our Vice President and Chief Financial Officer since September 2007. From November 2006 until August 2007, Mr. Goldman was the Executive Vice President and Chief Financial Officer of Dexterra, Inc., a provider of mobile enterprise software. Prior to joining Dexterra, from August 2000 through March 2006, Mr. Goldman was Senior Vice President of Finance and Administration and Chief Financial Officer of Siebel Systems, Inc., a supplier of customer software solutions and services that was acquired by Oracle Corp. in January 2006. From July 1996 to July 2000, he served as Senior Vice President of Finance and Chief Financial Officer of Excite@Home, Inc., an internet service provider. Mr. Goldman currently serves as a member of the board of directors of BigBand Networks, Inc., a networking equipment company, Infinera Corp., a provider of digital optical networking systems, and Starent Networks Corp., a mobile infrastructure company. Mr. Goldman also served as a member of the Treasury Advisory Committee on the Auditing Profession. He is also a member of the board of trustees of Cornell University. Mr. Goldman holds a B.S. in electrical engineering from Cornell University and an M.B.A. from Harvard Business School.

John Whittle has served as our Vice President and General Counsel since October 2006. From March 2006 to October 2006, Mr. Whittle was Vice President and General Counsel for Ingres Corporation, an open source database company formed by a divestiture from Computer Associates. Prior to working at Ingres, from January 2000 to March 2005, Mr. Whittle was Vice President and General Counsel for Corio, Inc., an enterprise application services provider, through the acquisition of Corio by IBM. Mr. Whittle worked from March 2005 to March 2006 with IBM following its acquisition of Corio. Prior to joining Corio, Mr. Whittle was an attorney at Wilson Sonsini Goodrich & Rosati, P.C. from 1996 to 2000, representing technology companies in general corporate matters and initial and follow-on public offerings. Mr. Whittle holds a B.A. degree in history from the University of Virginia and a J.D. from Cornell University Law School.

David Tsang has served as a director and Chairman of our board of directors since May 2001. Mr. Tsang is the managing member and co-founder of Acorn Campus Ventures, a venture capital firm focused on the telecommunications industry that was founded in 2000. Mr. Tsang holds a B.S. in electrical engineering from Brigham Young University and an M.S. in electrical engineering from Santa Clara University. He also holds an honorary Ph.D. from International Technical University.

George Hara has served as a member of our board of directors since August 2002. Mr. Hara is a founder and managing partner of DEFTA Partners, which was founded in 1985. Since January 2007, Mr. Hara has been an IIMSAM (Intergovernmental Institution for the use of Micro-Algae Spirulina Against Malnutrition) Ambassador of the United Nations Economic and Social Council Permanent Observation Delegation. Mr. Hara has served on the board of XVD Corp., a company that provides video compression technology, since January 2005. Prior to 2005, Mr. Hara served as the Chairman of the Board for Oplus Technologies, Inc., a provider of video processing equipment, from 2000 to 2005 when it was acquired by Intel Corp. Mr. Hara received an L.L.B. from Keio University in Japan and an M.S. from Stanford University's Graduate School of Engineering.

Hong Liang Lu has served as a member of our board of directors since March 2008. Mr. Lu is a co-founder of UTStarcom, Inc., has been its director since 1991 and has served as Chairman of the board of UTStarcom from 2003 to 2006 and from July 2008 to August 2009. From June 1991 to July 2008, Mr. Lu also served as the Chief Executive Officer of UTStarcom. From 1986 through 1990, Mr. Lu served as President and Chief Executive Officer of Kyocera Unison, a majority-owned subsidiary of Kyocera International, Inc. Mr. Lu served as President and Chief Executive Officer of Unison World, Inc., a software development company, from 1983 until its merger with Kyocera in 1986. From 1979 to 1983, Mr. Lu served as Vice President and Chief Operating Officer of Unison World, Inc. Mr. Lu holds a B.S. in civil engineering from the University of California at Berkeley.

Greg Myers has served as a member of our board of directors since March 2008. Since October 2007, Mr. Myers has also been a director of Altera Corp. He served as a director of Packeteer Inc. until its sale to Blue Coat Systems, Inc. in June 2008. From 1999 to 2005, Mr. Myers served as the Chief Financial Officer of Symantec Corp., and held various other senior finance positions at that company from 1993 to 1999. Mr. Myers holds a Bachelor's Degree from California State University, Hayward and an M.B.A. in finance from the University of Santa Clara.

Christopher B. Paisley has served as a member of our board of directors since February 2004. From January 2001 through the date hereof, Mr. Paisley has served as the Dean's Executive Professor of Accounting and Finance at the Leavey School of Business at Santa Clara University. Mr. Paisley also serves as a member of the boards of directors of 3Par Inc., a provider of utility storage solutions, Volterra Semiconductor, Inc., a provider of power management semiconductors, and Equinix, Inc., a provider of network colocation, interconnection and managed services. Mr. Paisley holds a B.A. in business economics from the University of California at Santa Barbara and an M.B.A. from the Anderson School at the University of California at Los Angeles.

John Walecka has served as a member of our board of directors since August 2003. Mr. Walecka is a founding partner of Redpoint Ventures, which was established in 1999. Prior to founding Redpoint Ventures,

Mr. Walecka was a general partner with Brentwood Venture Capital, a firm he joined in 1984. Mr. Walecka has also served as a member of the board of directors of Entropic Communications, Inc., a fabless semiconductor company, since September 2001. Mr. Walecka served as director of the Western Association of Venture Capitalists (WAVC) and is currently a director of the Stanford Business School Venture Capital Trust. Mr. Walecka received a B.S. and an M.S. in engineering from Stanford University and an M.B.A. from the Stanford Graduate School of Business.

Our executive officers are appointed by our board of directors and serve until their successors have been duly elected and qualified. Messrs. Ken Xie and Michael Xie are brothers. There are no other family relationships among any of our directors or executive officers.

Codes of Ethics

We have adopted a Code of Business Conduct and Ethics for all employees, officers and directors. In connection with the completion of this offering, we will incorporate into this Code of Business Conduct and Ethics a Code of Ethics for Principal Executive and Senior Financial Officers, which is applicable to our chief executive officer, chief financial officer and other principal executive and senior financial officers. These codes will become effective as of the effective date of this offering.

Board of Directors

Our board of directors currently consists of eight members. Our bylaws permit our board of directors to establish by resolution the authorized number of directors, and nine directors are currently authorized.

Pursuant to our certificate of incorporation as currently in effect and a voting agreement among us and significant holders of our convertible preferred stock and common stock, who together have substantial control of the total voting power of our outstanding capital stock, those holders vote together to cause the election of eight of our directors as follows:

- Messrs. Ken Xie and Michael Xie, who were elected as the designees of stockholders who hold a majority of the outstanding shares of our common stock;
- Messrs. Hara and Tsang, who were elected as the designees of stockholders who hold a majority of the outstanding shares of our Series A, Series B and Series C Preferred Stock;
- Mr. Walecka, who was nominated by Redpoint Ventures pursuant to the voting agreement and elected as the designee of stockholders who hold a majority of the outstanding shares of our Series D Preferred Stock; and
- Messrs. Lu, Myers, and Paisley, who were elected as the designees of the holders of our preferred stock and common stock, voting together.

Upon the closing of this offering, the voting agreement by which these directors were elected will terminate.

As of the closing of this offering, our amended and restated certificate of incorporation and amended and restated bylaws will provide for a classified board of directors consisting of three classes of directors, each serving staggered three-year terms, as follows:

- the Class I directors will be Messrs. Hara and Paisley, and their terms will expire at the annual meeting of stockholders to be held in 2010;
- the Class II directors will be Messrs. Tsang, Walecka and Michael Xie, and their terms will expire at the annual meeting of stockholders to be held in 2011; and
- the Class III directors will be Messrs. Lu, Myers and Ken Xie, and their terms will expire at the annual meeting of stockholders to be held in 2012.

Upon expiration of the term of a class of directors, directors for that class will be elected for three-year terms at the annual meeting of stockholders in the year in which that term expires. Each director's term continues until the election and qualification of his successor, or his earlier death, resignation or removal. Any increase or decrease in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one-third of the directors. This classification of our board of directors may have the effect of delaying or preventing changes in control of our company.

Director Independence

Under , a majority of a listed company's board of directors must be comprised of independent directors, and each member of the company's audit, compensation and nominating and corporate governance committees must be independent as well. Under , a director will only qualify as an "independent director" if that company's board of directors affirmatively determines that the director has no material relationship with that company, either directly or as a partner, shareholder or officer of an organization that has a relationship with that company.

In addition, following the effectiveness of this registration statement, the members of our audit committee must satisfy the independence criteria set forth in Rule 10A-3 under the Securities Exchange Act of 1934, as amended, or Rule 10A-3. In order to be considered to be independent for purposes of Rule 10A-3, no member of the audit committee may, other than in his capacity as a member of the audit committee, the board of directors, or any other board committee: (1) accept, directly or indirectly, any consulting, advisory, or other compensatory fee from the company or any of its subsidiaries; or (2) be an affiliated person of the company or any of its subsidiaries.

In August 2009, our board of directors undertook a review of the independence of each director and considered whether any director has a material relationship with us that could compromise his ability to exercise independent judgment in carrying out his responsibilities. As a result of this review, our board of directors affirmatively determined that Messrs. Hara, Lu, Myers, Paisley, Tsang and Walecka, representing six of our eight directors, are "independent directors" as defined under the rules of the and Rule 10A-3, constituting a majority of independent directors of our board of directors as required by the rules of the .

Committees of the Board of Directors

Our board of directors has established an audit committee, a compensation committee and a nominating and corporate governance committee, each of which has the composition and responsibilities described below.

Audit Committee

Our audit committee is comprised of Messrs. Myers, Paisley and Tsang, each of whom is a non-employee member of our board of directors. Mr. Myers is the chairperson of our audit committee. Our board of directors has determined that each member of the audit committee meets the financial literacy requirements under the rules and regulations of the and the SEC and each of Messrs. Myers and Paisley qualifies as our audit committee financial expert under the SEC rules implementing Section 407 of the Sarbanes-Oxley Act of 2002. Under the audit committee charter to be effective upon the completion of this offering, our audit committee will be responsible for, among other things:

- selecting and hiring our independent auditors, and approving the audit and non-audit services to be performed by our independent auditors;
- evaluating the qualifications, performance and independence of our independent auditors;
- monitoring the integrity of our financial statements and our compliance with legal and regulatory requirements as they relate to financial statements or accounting matters;
- reviewing the adequacy and effectiveness of our internal control policies and procedures;

- discussing the scope and results of the audit with the independent auditors and reviewing with management and the independent auditors our interim and year-end operating results; and
- preparing the audit committee report that the SEC requires in our annual proxy statement.

Compensation Committee

Our compensation committee is currently comprised of Messrs. Lu, Tsang, and Walecka. Mr. Walecka is the chairperson of our compensation committee. Under the compensation committee charter to be effective upon the completion of this offering, our compensation committee will be responsible for, among other things:

- reviewing and approving for our executive officers: the annual base salary, the annual incentive bonus, including the specific goals and amount, equity compensation, employment agreements, severance arrangements and change in control arrangements, and any other benefits, compensation or arrangements;
- reviewing the succession planning for our executive officers;
- reviewing and recommending compensation goals and bonus and stock compensation criteria for our employees;
- preparing the compensation committee report that the SEC requires to be included in our annual proxy statement; and
- administering, reviewing and making recommendations with respect to our equity compensation plans.

Nominating and Corporate Governance Committee

Our nominating and corporate governance committee is comprised of Messrs. Lu, Tsang, and Walecka. Mr. Lu is the chairperson of our nominating and corporate governance committee. Under the nominating and corporate governance committee charter to be effective upon the completion of this offering, our nominating and corporate governance committee will be responsible for, among other things:

- assisting our board of directors in identifying prospective director nominees and recommending nominees for each annual meeting of stockholders to the board of directors;
- reviewing developments in corporate governance practices and developing and recommending governance principles applicable to our board of directors;
- overseeing the evaluation of our board of directors and management; and
- recommending members for each committee of our board of directors.

Compensation Committee Interlocks and Insider Participation

Messrs. Lu, Tsang, and Walecka served as members of the compensation committee during fiscal year 2008. None of the members of our compensation committee is or has in the past served as an officer or employee of our company. None of our executive officers currently serves, or in the past year has served, as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving on our board of directors or compensation committee.

Director Compensation

In April 2008, our board of directors adopted a compensation policy applicable to all of our non-employee directors who are not significant stockholders, either personally or through their affiliation with venture capital investors. This compensation policy provides that each such non-employee director will receive the following compensation for board services:

- an annual cash retainer for serving on the board of $12,000, paid quarterly in arrears;

- an annual cash retainer for serving in a non-chair position on the audit committee of $8,000, on the compensation committee of $5,000, and on the nominating and corporate governance committee of $3,000;
- an annual cash retainer for serving as the chairman of the audit committee of $20,000, for serving as the chairman of the compensation committee of $10,000 and for serving as the chairman of the nominating and corporate governance committee of $5,000;
- upon first joining the board, an automatic initial grant of a stock option to purchase 48,000 shares of our common stock vesting monthly over a 48-month period; and
- after completion of each full year of service, an additional grant of a stock option to purchase 12,000 shares of our common stock vesting monthly over a 48-month period.

The above policy was effective immediately for such non-employee directors who were new directors when the board adopted such policy and would become effective for other such non-employee directors immediately after the full vesting of their prior option grants.

The following table sets forth the compensation paid or accrued by us to our directors during fiscal 2008 based on the policy described above. The table excludes Messrs. Ken Xie and Michael Xie, who do not receive any additional compensation from us for their roles as directors because they are employees.

Name	Fees Earned or Paid in Cash ($)	Option Awards[1]	Total ($)
Hara, George	—	—	—
Lu, Hong Liang	$ 7,083	$ 17,980	$25,063
Myers, Greg	$ 8,333	$ 17,980	$26,313
Paisley, Christopher	$ 13,333	$ 17,773	$31,106
Tsang, David	—	—	—
Walecka, John	—	—	—

(1) Please see the outstanding equity awards table below for the details of the option awards.

The following table lists all outstanding equity awards held by non-employee directors as of the end of fiscal 2008:

Name	Option Grant Date	Number of Securities Underlying Unexercised Options Exercisable	Number of Securities Underlying Unexercised Options Unexercisable	Option Exercise Price	Option Expiration Date	Grant Date Fair Value of Option Awards[1]
Hara, George	8/13/2002	100,000	—	$ 0.50	8/13/2012	$ 11,250
Lu, Hong Liang	4/23/2008	8,000	40,000	$ 7.47	4/23/2015	$ 105,658
Myers, Greg	4/23/2008	8,000	40,000	$ 7.47	4/23/2015	$ 105,658
Paisley, Christopher	4/23/2008	7,000	41,000	$ 7.47	4/23/2015	$ 105,658
	2/26/2004	100,000	—	$ 0.95	2/26/2014	$ 14,740
Tsang, David	10/24/2005	88,000	12,000	$ 1.95	10/24/2015	$ 37,170
Walecka, John	7/18/2005	120,000	—	$ 1.95	7/18/2015	$ 41,760

(1) Fair values of the option awards on the respective grant dates are computed in accordance SFAS 123R. Our assumptions with respect to the calculation of stock-based compensation expense are set forth above in “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates—Stock-Based Compensation.”

We have entered into change of control agreements with each of the non-employee directors. These agreements provide that upon a Change of Control, 100% of the unvested equity awards held by such directors will immediately vest and become exercisable and to the extent applicable, our right of repurchase or reacquisition with respect to such awards will lapse.

"Change of Control" in our change of control agreements with our non-employee directors has the same meaning as used in our Change of Control Severance Agreements with the named executive officers. See "Executive Compensation—Severance Agreements and Change of Control Arrangements."

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The following discussion and analysis of compensation arrangements of our named executive officers, Ken Xie, Ken Goldman, Michael Xie, and John Whittle, for fiscal 2008 should be read together with the compensation tables and related disclosures set forth below. This discussion contains forward looking statements that are based on our current plans, considerations, expectations and determinations regarding future compensation programs. Actual compensation programs that we adopt may differ materially from currently planned programs as summarized in this discussion.

Overview

We compete with many other technology companies in seeking to attract and retain a skilled workforce. To meet this challenge, we have adopted a compensation philosophy designed to offer our named executive officers compensation and benefits that are competitive and that meet our goals of attracting, retaining and motivating highly skilled executives to help us achieve our financial and strategic objectives.

In considering what constitutes competitive compensation, we review, among other data, compensation practices of the peer group companies listed below. The data we review is from the following peer group companies which also offer information technology security solutions and with which we believe we may compete with for talent.

- Blue Coat Systems, Inc.
- Check Point Software Technologies Ltd.
- Cisco Systems, Inc.
- Juniper Networks, Inc.
- McAfee, Inc.
- SonicWALL, Inc.

Our executive compensation programs are designed to attract, retain and motivate our named executive officers to enhance long-term profitability and shareholder value by:

- offering base salary to our named executive officers that is competitive with other companies in the technology industry, and in particular within the information technology security industry;
- providing total compensation opportunities which are comparable to the opportunities offered by a peer group of similar companies within similar industries and of a similar size;
- linking named executive officer compensation to our operating and financial performance by making significant elements of each executive's compensation dependent on our overall company performance as well as the individual's added value;
- emphasizing equity pay and long-term incentives for our executive team so they have an interest in our sustained growth and success; and
- ensuring fairness among the executive management team by recognizing the contributions each executive makes to our success.

Role of the Compensation Committee in Executive Compensation Decisions

The compensation committee of our board of directors has overall responsibility for approving the compensation of our named executive officers. Members of the compensation committee are appointed by our board. Please reference prior section "Management—Committees of the Board of Directors—Compensation Committee" for more detail about the members' responsibilities and procedures of the compensation committee.

Role of Executives in Executive Compensation Decisions

Our compensation committee generally seeks input from our president and chief executive officer when discussing the performance of and compensation levels for named executive officers other than the chief executive officer himself. The compensation committee also works with our chief financial officer and our vice president of human resources in evaluating the financial, accounting, tax and retention implications of our various compensation programs. Neither Ken Xie nor any of our other named executive officers participate in deliberations relating to his own compensation, and Messrs. Ken Xie and Michael Xie do not participate in deliberations related to each other's compensation.

Elements of Our Compensation Program

The four key elements of our compensation package for named executive officers are base pay, equity-based rewards, variable pay, and our benefits programs. As a total package, we design our compensation program to enable us to attract and retain talented personnel who can add to the long-term value of the company. The individual elements of our compensation program serve to satisfy this larger goal in specific ways as described below.

Base Pay. We establish base pay that is both reasonable and competitive in relation to the market, including the peer group described above. We regularly monitor competitive base pay levels and make adjustments to base pay as appropriate. In general, a named executive officer's base pay level should reflect the overall sustained performance and contribution to us over time. We also seek to structure the base pay for our named executive officers to be competitive in relation to the surveyed market and our peer group analysis. As described below, we design base pay to provide the ongoing reward for each named executive officer's work and contribution and to be competitive in attracting or retaining the executive. Once base pay levels are initially determined, increases in base pay are provided generally on an annual basis to recognize specific performance achievements. This "pay for performance" approach provides higher levels of annual increases if the results merit greater rewards.

Equity-Based Rewards. We design our equity programs to be both reasonable and competitive in relation to the market. We monitor the market and applicable accounting, corporate, securities and tax laws and regulations and adjust our equity programs as appropriate. Stock options are designed to reflect and reward a high level of sustained individual performance over time, as reflected in improved overall company value. As described in more detail below, we design equity-based compensation, including stock options and other forms of equity compensation, to help retain talent over a period of time and to provide named executive officers with a long-term reward that aligns their interests with those of our stockholders. A number of factors are considered when determining the size of all grants, including competitive market factors, named executive officer performance, retention value, and a review of the named executive officer's overall compensation package, which takes into account our above-market approach in base pay and variable pay, as described below. Initial option grants upon hire are generally designed to attract experienced executives with established records of success and help retain them over the long term. Subsequent grants to named executive officers are designed to ensure that equity compensation remains competitive within our industry group, including the peer group, and named executive officers whose skills and results we deem to be critical to our long-term success are eligible to receive higher levels of equity-based compensation. Stock option grants to our named executive officers are recommended by the compensation committee to our board of directors, which makes the final determination as to whether to grant any stock option to a named executive officer.

Variable Pay. Consistent with our pay for performance philosophy, rewarding performance through variable pay is an important element of named executive officer compensation. We design our variable pay programs to be both reasonable and competitive in relation to the market. We regularly monitor the market, including our peer group, and adjust our variable pay programs as needed for our named executive officers. Our senior management incentive bonus program is designed to motivate our named executive officers to achieve overall goals by paying more for outstanding results. The variable pay programs are periodically reviewed by the

compensation committee taking into account changes in the industry and technology space. The variable pay programs are based on a formulaic assessment of the company's financial performance and an assessment of each individual's performance. The compensation committee has the discretion to increase or decrease a payout under the variable pay programs at any time in the event that it determines that circumstances warrant adjustment. Our programs are designed to avoid entitlements, to align actual payouts with the actual results achieved by a named executive officer and to be easy to understand and administer. A key factor in this process is executive peer review. The executive peer review offers our named executive officers the opportunity to review the performance of other executives, including other named executive officers, on a quarterly basis and submit those reviews for consideration by our compensation committee when determining if variable pay objectives have been satisfied. We believe the executive peer review motivates named executive officers to achieve and exceed expectations and to avoid entitlements within our variable pay programs.

Benefits Programs. Employee retirement, health and welfare benefits, such as our group health insurance plans, 401(k) retirement plan, and life, disability and accidental death insurance plans are designed to provide a stable array of support to all employees, including all of our named executive officers, and their families, regardless of their individual performance levels. Our benefits programs are generally established and adjusted by our human resources department with approval, as necessary, from senior management.

Determining the Amount of Elements of Executives' Compensation

The compensation and performance of Ken Xie and Michael Xie are reviewed and measured by the compensation committee annually. The compensation and performance of our other executive officers are reviewed and measured by the compensation committee after review of recommendations received from our chief executive officer, except the compensation committee does not receive a recommendation from our chief executive officer regarding the compensation of Michael Xie.

Overview. The amount of each element of our compensation program is initially determined by analyzing the type and level of similar programs offered by our competitors, including our peer group, by participating in salary surveys administered by third parties and reviewing the data from these surveys. The compensation committee authorizes the levels of base pay for our named executive officers after review and analysis of this third-party survey data. Prior to 2008, we hired compensation experts directly for their subject matter expertise and independence from our management and specifically for advice regarding cash-based pay and equity compensation matters. This set the initial framework of our existing compensation program. In 2008, we used external resources, such as Radford Consulting and the IPAS Global Technology Survey, as well as competitive public information and aging data, to get market compensation data.

Base Pay. Once the framework is developed from the results of third-party surveys as described above, the compensation committee, with input from Mr. Ken Xie, assesses the performance levels of the other named executive officers. Mr. Ken Xie makes recommendations regarding changes in compensation levels, based on factors such as company performance, division performance and individual performance with respect to the other named executive officers. These recommendations are collected as part of our annual performance review process, although the compensation committee occasionally increases base pay at the time of a named executive officer's promotion to a position of greater responsibility, or as the competitive landscape requires. In establishing our compensation framework for base pay, in order to remain competitive and attract and retain "best talent", we intend to target above-average levels of base pay compensation for our named executive officers, based on the surveyed market and peer group analysis to establish the midpoint of our salary ranges and establish a minimum and maximum pay level around the midpoint for each named executive officer.

In May 2008, the compensation committee raised the base pay compensation of Mr. Ken Xie by 6.9% to $310,000 and Mr. Michael Xie by 9.1% to $275,000. In April 2008, the base salary for Mr. John Whittle increased by 9.1% to $240,000; however, the base pay of Mr. Ken Goldman did not change in 2008 and remained at $300,000. The changes made in base pay in 2008 reflect additional responsibilities taken

on by the named executive officers, especially in light of the progression towards an initial public offering, adjustments for inflation, and past performance in fiscal year 2007.

Equity-Based Rewards. Our board of directors does not apply a rigid formula in allocating stock options to our named executive officers. Our board of directors exercises its judgment and discretion and considers, among other things, the role and responsibility of the named executive officer, competitive factors, the amount of stock-based equity compensation already held by the executive, and the cash-based compensation received by the named executive officer. With respect to the level of equity-based compensation, we also participate in surveys administered by third parties. In general, we have taken an at-market competitive stance, based on the surveyed market, to establish our grant guidelines for stock option grants to new hires that will or may become named executive officers. In 2008, we granted our named executive officers, except Mr. Goldman, additional stock options in an amount to keep their equity holdings at market level and to reflect their increased responsibilities as our company grew and we moved toward becoming a publicly traded company. We did not grant Mr. Goldman stock options or other equity awards in 2008 because he had recently received option awards upon his hiring in September 2007.

Variable Pay. With respect to named executive officers, we determine the targeted level of variable cash compensation by participating in salary surveys administered by third parties. After developing a competitive framework, we determine the executive's actual level of variable compensation by assessing the named executive officer's actual results, and rewarding the executive in accordance with the terms of the variable pay programs. In developing the competitive framework, we seek to set total cash compensation (base salary plus variable pay) above the average of the surveyed market to meet our goal of ensuring that our cash compensation levels are very competitive and to enable us to retain our named executive officers, each of whom we believe to be key personnel and key talent.

Our variable pay programs for named executive officers fall under our 2008 Senior Management Incentive Bonus Program.

We base the incentive bonus program funding on achievement of revenue and operating profit or loss targets. Revenue-based targets determine 75% of the funding of the incentive bonus program and operating profit or loss objectives determine 25% of the funding of the incentive bonus program. We weight the bonus program more heavily toward achieving revenue over operating profit or loss targets because we believe that, at this stage, revenues will drive our long-term success and result in greater opportunity for profit in the future. We believe it is important for our executives to monitor expenses as well, so we also base a portion of the bonus plan funding on operating profit or loss targets. Because revenue is the primary source for funding the bonus program, 85% of revenue goals must be achieved to fund the revenue portion of the program. In addition, 100% of the operating profit or loss objectives must be met to fund the 25% of the operating profit or loss portion of the program. To the extent that revenue targets are achieved to fund the revenue portion of the program, the bonus pool is funded on a graduated basis. This continues on a linear basis, increasing funding by 3.33% for every additional 1% of performance up to 100%. For instance, at 85% achievement of the revenue bonus funding target, the revenue portion of the incentive bonus program would fund at 50%. At 95% achievement of the revenue bonus target, the revenue portion of the bonus program would fund at 83%. For every 1% achievement in excess 100% of the target, the revenue portion of the bonus program would increase funding by 2% up to a maximum 200% of bonus funding for 150% achievement of the revenue target. Awards and performance are subject to quarterly performance targets, and bonuses can be funded on a quarterly basis upon successful or outstanding performance in a given quarter based on satisfaction of target objectives. However, quarterly funding of awards in our first, second and third fiscal quarters are capped at 100% and are not eligible for increased funding based on achievements in excess of 100% of target.

Individual target bonuses under the incentive bonus program under the 2008 Senior Management Incentive Bonus Program are expressed as a percentage of the named executive officer's base salary for 100% goal achievement. Based upon third-party surveys described above, our chief executive officer makes bonus

recommendations to the compensation committee, who in turn will give final approval. In January 2008, our chief executive officer recommended target bonuses to the compensation committee. The compensation committee discussed with Mr. Ken Xie the parameters of the program. The compensation committee ultimately approved pre-established bonus targets of up to 30% of base salary for each of the named executive officers for one hundred percent goal achievement in 2008. Bonuses for Messrs. Ken Xie and Michael Xie are based upon the same criteria under the incentive bonus program, with the ultimate determination and approval made by the compensation committee. See "—Summary Compensation Table" below.

Benefits Programs. Our named executive officers receive the same employee benefits as our other U.S. based employees. We design our employee benefits programs to be both affordable and competitive in relation to the market as well as compliant with applicable laws and practices. We adjust our benefits programs as needed based upon regular monitoring of applicable laws and practices and monitoring of the market.

Employment Offer Letters

In August 2009, we entered into employment offer letters with Mr. Goldman, dated August 24, 2007, and Mr. Whittle, dated October 18, 2006. The offer letters provide for at-will employment, base salary, eligibility to participate in the executive incentive bonus plan, standard employee benefit plan participation, and recommendations for initial stock option grants. The offers of employment were each subject to execution of a standard proprietary information, invention assignment, and arbitration agreement and proof of identity and work eligibility in the United States. The offer letters contain certain severance and change of control benefits in favor of the executives, which terms, in each case, have since been superseded by the Change of Control Severance Agreements discussed in more detail in section "—Severance Agreements and Change of Control Arrangements " below.

Severance and Change of Control Agreements

In August 2009, we have entered into severance agreements with Messrs. Ken Xie, Michael Xie, Goldman, and Whittle. These arrangements provide for payments and benefits upon termination of their employment in specified circumstances, including following a change of control. These arrangements (including potential payments and terms) are discussed in more detail in the section "—Severance Agreements and Change of Control Arrangements" below. We believe that these severance agreements help us from a retention standpoint and they are particularly necessary in an industry, such as ours, where there has been market consolidation. We believe that entering into these agreements helps the named executive officers maintain continued focus and dedication to their assigned duties to maximize stockholder value if there is a change of control. The terms of these agreements were determined after review by the compensation committee of our retention goals for each named executive officer, as well as analysis of market data, similar agreements established by our peer group, and applicable law.

Allocation of Equity Compensation Awards

In fiscal 2008, we granted options to purchase a total of 7,232,129 shares, of which a total of 425,000 options were granted to our named executive officers, representing 5.9% of all options granted in 2008. Options granted to executives and other employees typically vest over a period of four years. Details about each option grant to named executive officers in fiscal 2008 are set forth in the "Grants of Plan-Based Awards in Fiscal 2008."

Timing of Equity Awards

Our board of directors generally grants stock options to current executives and other current employees once per year. Such grants are typically made at a meeting of the board of directors held in the fourth quarter of the year. With respect to newly hired employees, our practice is typically to make stock grants at the first meeting of the board following such employee's hire date. As a private company, our board of directors has historically determined the exercise price of stock options based on third-party valuation reports as of a date concurrent with the option grant date.

Performance-Based Compensation and Financial Restatement

We have not implemented a policy regarding retroactive adjustments to any cash or equity-based incentive compensation paid to our executives and other employees where the payments were predicated upon the achievement of financial results that were subsequently the subject of a financial restatement.

Effect of Accounting and Tax Treatment on Compensation Decisions

In the review and establishment of our compensation programs, we consider the anticipated accounting and tax implications to us and our executives. In this regard, we may begin using restricted stock and/or restricted stock units as additional forms of equity compensation incentives in response to changes in the accounting treatment of equity awards. While we consider the applicable accounting and tax treatment, these factors alone are not determinative, and we also consider the cash and non-cash impact of the programs and whether a program is consistent with our overall compensation philosophy and objectives.

Section 162(m) of the Internal Revenue Code imposes limits on the amount of compensation that a public company may deduct in any one year for the compensation of the chief executive officer and other highly compensated executive officers, unless specific and detailed criteria are satisfied. Performance-based compensation (including stock options), as defined in the Internal Revenue Code, is fully deductible if the programs are approved by stockholders and meet other requirements. We have determined that we will not seek to limit executive compensation so that it is deductible under Section 162(m). However, from time to time, we may choose to structure our compensation programs to satisfy the requirements of Section 162(m). We seek to maintain flexibility in designing a comprehensive plan for our executives that promotes our corporate goals and therefore our compensation committee has not adopted a policy requiring all compensation to be deductible. Our compensation committee will continue to assess the impact of Section 162(m) on our compensation practices and determine what further action, if any, is appropriate.

Summary Compensation Table

The following table sets forth information regarding the compensation of the individuals who served as our executive officers during fiscal 2008. We refer to these individuals as our named executive officers.

Name and Principal Position	Year	Salary	Option Awards[1]	Non-Equity Incentive Plan Compensation[2]	Total
Ken Xie	2008	$ 302,500	$ 144,551	$ 78,203	$ 525,254
President and Chief Executive Officer					
Michael Xie	2008	266,375	71,549	69,216	407,140
Vice President of Engineering and Chief Technical Officer					
Ken Goldman	2008	300,000	539,811	75,775	915,586
Vice President, Chief Financial Officer					
John Whittle	2008	235,000	69,858	74,000	378,858
Vice President, General Counsel					

(1) The amounts in this column represent the dollar amount recognized for financial statement purposes in 2008, computed in accordance with FAS 123R. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies—Stock Based Compensation" for a discussion of assumptions made by us in determining the FAS 123R values of equity awards.

(2) See "—Grants of Plan-Based Awards in Fiscal 2008" under the column "Estimated Future Payouts Under Non-Equity Incentive Plan Awards" for the amounts named executive officers were eligible to earn in fiscal 2008. See also "—Compensation Discussion and Analysis—Determining the Amount of Elements of Executives' Compensation—Variable Pay" for a discussion of how the 2008 Senior Management Incentive Bonus Program works in operation.

Grants of Plan-Based Awards in Fiscal 2008

The following table sets forth information regarding grants of awards made to our named executive officers during fiscal 2008.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards[1]			Number of Securities Underlying Options	Exercise Price of Option Awards	Grant Date Fair Value of Option Awards[2]
		Threshold	Target	Maximum			
Xie, Ken	07/31/2008	—	—	—	150,000	$ 7.47	$ 353,730
	02/07/2008	—	—	—	75,000	$ 7.47	$ 202,718
	01/28/2008	$ 54,375	$ 87,000	$ 119,625	—	—	—
Xie, Michael	07/31/2008	—	—	—	125,000	$ 7.47	$ 294,775
	02/07/2008	—	—	—	25,000	$ 7.47	$ 67,573
	01/28/2008	$ 47,250	$ 75,600	$ 103,950	—	—	—
Goldman, Ken	01/28/2008	$ 56,250	$ 90,000	$ 123,750	—	—	—
Whittle, John	04/23/2008	—	—	—	50,000	$ 7.47	$ 110,060
	01/28/2008	$ 41,250	$ 66,000	$ 90,750	—	—	—

(1) Represents awards granted under our 2008 Senior Management Incentive Bonus Program, which were based on achievement of certain levels of performance in fiscal year 2008. These columns show the awards that were possible at the threshold, target and maximum levels of performance. The column titled "Non-Equity Incentive Plan Compensation" in the Summary Compensation Table shows the actual awards earned in fiscal year 2008 by our named executive officers under the 2008 Senior Management Incentive Bonus Program for 2008.

(2) Fair values of the option awards on the respective grant dates are computed in accordance with SFAS 123R. Our assumptions with respect to the calculation of stock-based compensation expense are set forth above in "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates—Stock-Based Compensation."

Outstanding Equity Awards at 2008 Fiscal Year-End

The following table lists all outstanding equity awards held by our named executive officers as of December 28, 2008.

Name	Grant Date	Number of Securities Underlying Options Exercisable	Number of Securities Underlying Options Unexercisable	Option Exercise Price	Option Expiration Date
Xie, Ken[5]	07/31/2008	—	150,000	$ 7.47	07/31/2015
Xie, Ken[4]	02/07/2008	29,687	45,313	$ 7.47	02/07/2015
Xie, Ken[3]	07/20/2006	150,000	—	$ 2.37	07/20/2011
Xie, Ken[2]	03/01/2006	21,875	8,125	$ 2.15	03/01/2011
Xie, Ken[1]	01/11/2005	188,782	—	$ 2.15	01/11/2010
Xie, Ken[1]	01/11/2005	11,218	—	$ 2.15	01/11/2010
Xie, Michael[5]	07/31/2008	—	125,000	$ 7.47	07/31/2015
Xie, Michael[9]	02/07/2008	11,457	13,543	$ 7.47	02/07/2015
Xie, Michael[3]	07/20/2006	50,000	—	$ 2.37	07/20/2011
Xie, Michael[2]	03/01/2006	21,875	8,125	$ 2.15	03/01/2011
Xie, Michael[1]	01/11/2005	11,218	—	$ 2.15	01/11/2010
Xie, Michael[1]	01/11/2005	188,782	—	$ 2.15	01/11/2010
Goldman, Kenneth[6]	09/20/2007	160,620	372,180	$ 7.44	09/20/2017
Goldman, Kenneth[6]	09/20/2007	26,880	40,320	$ 7.44	09/20/2017
Whittle, John[8]	04/23/2008	—	50,000	$ 7.47	04/23/2015
Whittle, John[7]	10/26/2006	79,166	68,750	$ 2.40	10/26/2016
Whittle, John[7]	10/26/2006	2,084	—	$ 2.40	10/26/2016

(1) Twenty-five percent of the shares underlying this option vested on September 1, 2005 with the remainder of the shares vesting monthly over the ensuing thirty-six months from September 1, 2005, subject to continued service.
(2) Twenty-five percent of the shares underlying this option vested on January 24, 2007 with the remainder of the shares vesting monthly over the ensuing thirty-six months from January 24, 2007, subject to continued service.
(3) The shares underlying this option vest on a monthly basis over the twenty-four month period following the date of grant, subject to continued service.
(4) Twenty-five percent of the shares underlying this option vested on May 4, 2008 with the remainder of the shares vesting monthly over the ensuing thirty-six months from May 4, 2008, subject to continued service.
(5) Twenty-five percent of the shares underlying this option vested on July 31, 2009 with the remainder of the shares vesting monthly over the ensuing thirty-six months from July 31, 2009, subject to continued service.
(6) Vested monthly over four years beginning on from September 20, 2007, subject to continued service.
(7) Twenty-five percent of the shares underlying this option vested on October 25, 2007 with the remainder of the shares vesting monthly over the ensuing thirty-six months from October 25, 2007, subject to continued service.
(8) Twenty-five percent of the shares underlying this option vested on April 23, 2009 with the remainder of the shares vesting monthly over the ensuing thirty-six months from April 23, 2009, subject to continued service.
(9) Twenty-five percent of the shares underlying this option were treated as having been vested on January 30, 2008 with the remainder of the shares vesting monthly over the ensuing thirty-six months from January 30, 2008, subject to continued service.

Options Exercised and Stock Vested in Fiscal 2008

None of our named executive officers exercised stock options or had any restricted stock during fiscal 2008.

Pension Benefits

None of our named executive officers participates in or has account balances in qualified or non-qualified defined benefit plans sponsored by us.

Non-qualified Deferred Compensation

None of our named executive officers participates in or has account balances in a traditional non-qualified deferred compensation plan or other deferred compensation plans maintained by us.

Severance Agreements and Change of Control Arrangements

The Change of Control Severance Agreements for our named executive officers described below were effective in August 2009, and the tables below represent the severance amounts named executive officers would receive in connection with certain terminations.

	Qualifying Termination Not within One Year of a Change of Control[1]		Qualifying Termination Within One Year of a Change of Control[1]	
Name	Salary[2]	Acceleration of Equity Vesting[3]	Salary	Acceleration of Equity Vesting[3]
Ken Xie[4]	$ 319,300	—	$ 319,300	$ 43,225
Michael Xie[5]	—	—	$ 141,625	$ 43,225
Ken Goldman[5]	—	—	$ 154,500	$ 12,375
John Whittle[5]	$ 252,000	$ 190,125	$ 252,000	$ 348,563

(1) A "Qualifying Termination" under the severance agreement is an involuntary termination without "Cause" or a voluntary resignation for "Good Reason," as defined below.
(2) The severance amount related to base salary was determined based on base salaries in effect in August 2009.
(3) Value of equity award acceleration for individuals who are entitled to 12 months of equity award vesting acceleration is calculated as of December 28, 2008 and 12 months from this date. For individuals with this partial equity award acceleration, the intrinsic value of shares vesting during 12 months from December 28, 2008, was calculated as follows: the sum of fair market value minus option exercise price, multiplied by the shares vesting over next 12 months (December 2008 and December 2009). For individuals with full equity award acceleration, the intrinsic value of the unvested shares was calculated as follows: the sum of fair market value minus option price, multiplied by the number of unvested shares. Fair market value for purposes of the preceding sentences is equal to the value of our common stock on December 28, 2008, which is the last business day of fiscal 2008. The values above do not reflect the current fair market value of our common stock or additional equity that has been granted to our named executive officers since the last business day of fiscal 2008.
(4) If severance is payable, the named executive officer is also eligible to receive reimbursement for insurance premium expenses incurred for group health insurance continuation coverage under Title X of the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended (*COBRA*) for a period of up to 12 months for his Qualifying Termination prior to or after a Change of Control. The value as of August 2009 for 12 months of COBRA continuation coverage was $16,430.
(5) If severance is payable, the named executive officer is also eligible to receive reimbursement for insurance premium expenses incurred for group health insurance continuation coverage under COBRA for a period of up to 12 months after his Qualifying Termination within one year after a Change of Control. The value as of August 2009 for 12 months of COBRA continuation coverage was $16,430.

Ken Xie. We have entered into a Change of Control Severance Agreement, dated August 7, 2009, with Ken Xie, our president and chief executive officer under which he may receive certain benefits upon certain terminations of employment, provided that he has provided us with an executed release of claims and subject to non-solicitation and non-competition for a period of twelve months. This agreement provides that, if Mr. Ken Xie's employment is terminated without Cause, or if he terminates his employment with us for Good Reason, prior to a Change of Control or after twelve months following a Change of Control, he will be entitled to a severance payment in an amount equal to twelve months of his then-current base salary and twelve months of medical, dental, and/or vision benefits for him and/or his eligible dependents. If Mr. Ken Xie is terminated without Cause, or if he terminates his employment with us for Good Reason, within one year following a Change

of Control, in addition to receiving twelve months of base salary (as in effect immediately prior to the Change of Control or his termination, whichever is greater) and twelve months of medical, dental, and/or vision benefits for him and/or his eligible dependents, Mr. Ken Xie's unvested equity awards will immediately vest and become exercisable in full, and our right of repurchase or reacquisition with respect to such awards will lapse. The awards will remain exercisable, to the extent applicable, following the termination for the period prescribed in the respective stock plan and agreement for each award. In the event any payment to Mr. Xie is subject to the excise tax imposed by Section 4999 of the Internal Revenue Code (as a result of a payment being classified as a parachute payment under Section 280G of the Internal Revenue Code), he will be entitled to receive such payment as would entitle him to receive the greatest after-tax benefit of either the full payment or a lesser payment which would result in no portion of such severance benefits being subject to excise tax.

Michael Xie and Ken Goldman. We have entered into Change of Control Severance Agreements, with each of Michael Xie, our chief technical officer, dated August 7, 2009, and Ken Goldman, our chief financial officer, dated August 7, 2009, under which each may receive certain benefits upon certain terminations of employment, provided that each has provided us with an executed release of claims and subject to non-solicitation and non-competition for a period of twelve months. These agreements provide that, if the executive's employment is terminated without Cause, or if the executive terminates his employment with us for Good Reason, prior to a Change of Control or after twelve months following a Change of Control, the executive will be entitled to a severance payment and/or benefits as determined by us in our sole discretion. If the executive is terminated without Cause, or if the executive terminates his employment with us for Good Reason, within one year following a Change of Control, the executive will receive a severance payment equal to six months of his base salary (as in effect immediately prior to the Change of Control or his termination, whichever is greater), twelve months of medical, dental, and/or vision benefits for him and/or his eligible dependents, and the unvested portion of his equity awards will immediately vest and become exercisable in full and our right of repurchase or reacquisition with respect to such awards will lapse. The awards will remain exercisable, to the extent applicable, following the termination for the period prescribed in the respective stock plan and agreement for each award. In the event any payment to the executive is subject to the excise tax imposed by Section 4999 of the Internal Revenue Code (as a result of a payment being classified as a parachute payment under Section 280G of the Internal Revenue Code), the executive will be entitled to receive such payment as would entitle him to receive the greatest after-tax benefit of either the full payment or a lesser payment which would result in no portion of such severance benefits being subject to excise tax.

John Whittle. We have entered into a Change of Control Severance Agreement, dated August 7, 2009 with John Whittle, our general counsel, under which he may receive certain benefits upon certain terminations of employment, provided that he has provided us with an executed release of claims and subject to non-solicitation and non-competition for a period of twelve months. This agreement provides that, if Mr. Whittle's employment is terminated without Cause, or if he terminates his employment with us for Good Reason, he will be entitled to a severance payment equal to twelve months of base salary (as in effect immediately prior to the Change of Control or his termination, whichever is greater), twelve months of medical, dental and/or vision benefits for him and/or his eligible dependents and his unvested equity awards will immediately vest as to the awards that would have vested over the next twelve months and such accelerated awards become exercisable in full, and our right of repurchase or reacquisition with respect to such awards will lapse. If Mr. Whittle is terminated without Cause, or if he terminates his employment with us for Good Reason, within one year following a Change of Control, then in addition to receiving twelve months base salary, all of his unvested equity awards will fully vest and such accelerated awards become exercisable in full, and our right of repurchase or reacquisition with respect to such awards will lapse. The awards will remain exercisable, to the extent applicable, following the termination for the period prescribed in the respective stock plan and agreement for each award. In the event any payment to Mr. Whittle is subject to the excise tax imposed by Section 4999 of the Internal Revenue Code (as a result of a payment being classified as a parachute payment under Section 280G of the Internal Revenue Code), he will be entitled to receive such payment as would entitle him to receive the greatest after-tax benefit of either the full payment or a lesser payment which would result in no portion of such severance benefits being subject to excise tax.

For the purpose of our Change of Control Severance Agreements with the above-mentioned executives, “Change of Control” means:

(i) the acquisition by one person, or more than one person acting as a group (for these purposes, persons will be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with us —“Person”) that is or becomes the owner, directly or indirectly, of our securities representing fifty percent or more of the total voting power represented by our then outstanding securities (the “Voting Securities”); provided, however, that for the purposes of this subsection (i), the acquisition of additional securities by any one Person, who is considered to own more than fifty percent of the total voting power of our securities shall not be considered a Change of Control;

(ii) a change in the composition of the Board occurring within a twelve month period, as a result of which fewer than a majority of the directors are Incumbent Directors. “Incumbent Directors” will mean directors who either (A) are our directors as of the effective date of the Change of Control Severance Agreement or (B) are elected, or nominated for election, to the Board with the affirmative votes of a least a majority of the Incumbent Directors at the time of such election or nomination (but will not include an individual whose election or nomination is in connection with an actual or threatened proxy contest relating to the election of our directors);

(iii) the date of the consummation of a merger or consolidation between us and any other corporation that has been approved by our stockholders, other than a merger or consolidation which would result in our voting securities outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) fifty percent or more of the total voting power represented by our voting securities or such surviving entity outstanding immediately after such merger or consolidation, or our stockholders approve a plan of our complete liquidation; or

(iv) a change in the ownership of a substantial portion of our assets which occurs on the date that any person acquires (or has acquired during the twelve-month period ending on the date of the most recent acquisition by such person or persons) assets from us that have a total gross fair market value equal to or more than fifty percent of the total fair market value of all of our assets immediately prior to such acquisition or acquisitions; provided, however, that for purposes of this subsection (iv), the following shall not constitute a change in the ownership of a substantial portion of our assets: (1) a transfer to an entity that is controlled by our shareholders immediately after the transfer; or (2) a transfer of assets by us to: (A) a shareholder of ours (immediately before the asset transfer) in exchange for or with respect to our securities; (B) an entity, fifty percent or more of the total value or voting power of which is owned, directly or indirectly, by us; (C) a person, that owns, directly or indirectly, fifty percent or more of the total value or voting power of all our outstanding stock; or (D) an entity, at least fifty percent of the total value or voting power of which is owned, directly or indirectly, by a person described in subsection (C). For purposes of this clause (2), gross fair market value means the value of our assets, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets.

Notwithstanding the foregoing, a transaction of ours that does not constitute a change of control event under Treasury Regulation 1.409A-3(i)(5)(v) or (vii) shall not be considered a Change of Control.

For the purposes of our change of control agreements with the above-mentioned executives, “Cause” means:

(i) an act of dishonesty made by the executive in connection with the executive’s responsibilities as an employee and materially and adversely affects us;

(ii) the executive’s conviction of, or plea of *nolo contendere* to, a felony or any crime involving fraud, embezzlement or any other act of moral turpitude;

(iii) the executive’s gross misconduct that materially and adversely affects our reputation or business; or

(iv) the executive's continued intentional refusal to perform employment duties in a material fashion that materially and adversely affects our reputation or business, after the executive has received a written demand of performance from us which specifically sets forth the factual basis for our belief that the executive has not substantially performed his duties and has continues to refuse to cure such non-performance within thirty days after receiving such notice.

For the purpose of our change of control agreements with the above mentioned executives, "Good Reason" means the occurrence of one of more of the following events without the executive's express written consent:

(i) the assignment to the executive of any duties or the reduction of the executive's duties, either of which results in a material diminution in the executive's position or responsibilities with us in effect immediately prior to such assignment, or the removal of the executive from such position and responsibilities; provided, however, it being understood that a new position with a larger combined company does not alone constitute "Good Reason" if it is in the same area of operations and involves substantially the same duties and scope of responsibilities and management responsibility notwithstanding that the executive may not retain as senior of a title within the larger combined company as the executive's prior title;

(ii) a material reduction by us in the base salary of the executive; provided that, it being understood that a reduction by us by five percent or more in the base salary or bonus opportunity of the executive as in effect immediately prior to such reduction shall be deemed Good Reason;

(iii) a material change in the geographic location of the executive, provided that a change in geographic location to a facility or a location less than twenty-five miles from the executive's then-present location shall not be considered a material change in geographic location;

(iv) any material breach by us of any material provision of the Change of Control Severance Agreement; or

(v) our failure to obtain the assumption of the Change of Control Severance Agreement by any successor (whether direct or indirect and whether by purchase, merger, consolidation, liquidation or otherwise) to substantially all of our business and/or assets.

The executive will not resign for Good Reason without first providing us with written notice of the acts or omissions constituting the grounds for "Good Reason" within ninety days of the initial existence of the ground for "Good Reason" and a reasonable cure period of not less than thirty days following the date of such notice.

Employee Benefit Plans

2009 Equity Incentive Plan

Our board of directors has adopted, and we expect our stockholders will approve our 2009 Equity Incentive Plan ("2009 Plan") prior to the completion of this offering. Subject to stockholder approval, the 2009 Plan is effective upon its adoption by our board of directors, but is not expected to be utilized until after the completion of this offering. Our 2009 Plan provides for the grant of incentive stock options, within the meaning of Section 422 of the Internal Revenue Code, to our employees and any subsidiary corporations' employees, and for the grant of non-statutory stock options, stock appreciation rights, restricted stock, restricted stock units, performance units and performance shares to our employees, directors and consultants and our subsidiary corporations' employees and consultants.

***Authorized Shares*.** Subject to the provisions of the 2009 Plan, the maximum aggregate number of shares that may be issued under the 2009 Plan is 9,000,000 shares of our common stock, plus any shares subject to stock options or similar awards granted under the 2008 Stock Plan and the 2000 Stock Plan that expire or otherwise terminate without having been exercised in full and shares issued pursuant to awards granted under the 2008 Stock Plan and 2000 Stock Plan that are forfeited to or repurchased by us with the maximum number of Shares to

be added to the 2009 Plan not to exceed 21,000,000 shares. The number of shares available for issuance under the 2009 Plan will be annually increased on the first day of each of our fiscal years beginning in 2011, by an amount equal to the least of:

- 5% of the outstanding shares of our common stock as of the last day of our immediately preceding fiscal year;
- 7,000,000 shares; or
- such other amount as our board of directors may determine.

Shares issued pursuant to awards under the 2009 Plan that we repurchase or that are forfeited, as well as shares used to pay the exercise price of an award or to satisfy the tax withholding obligations related to an award, will become available for future grant under the 2009 Plan. In addition, to the extent that an award is paid out in cash rather than shares, such cash payment will not reduce the number of shares available for issuance under the 2009 Plan.

Plan Administration. The 2009 Plan will be administered by our board of directors which, at its discretion or as legally required, may delegate such administration to our compensation committee or one or more additional committees. In the case of awards intended to qualify as "performance-based compensation" within the meaning of section 162(m) of the Internal Revenue Code of 1986, as amended, or Code, the committee will consist of two or more "outside directors" within the meaning of Code section 162(m).

Subject to the provisions of our 2009 Plan, the administrator has the power to determine the terms of awards, including the recipients, the exercise price, if any, the number of shares subject to each award, the vesting schedule applicable to the awards, together with any vesting acceleration, and the form of consideration, if any, payable upon exercise of the award. The administrator also has the authority, subject to the terms of the 2009 Plan, to amend existing awards to reduce their exercise price, to allow participants the opportunity to transfer outstanding awards to a financial institution or other person or entity selected by the administrator, to institute an exchange program by which outstanding awards may be surrendered in exchange for awards that may have different exercise prices and terms, to construe and interpret the plan, to prescribe rules and to extend the post-termination exercisability of certain awards.

Awards.

- *Stock Options.* The administrator may grant incentive and/or nonstatutory stock options under our 2009 Plan. The exercise price of such options must equal at least the fair market value of our common stock on the date of grant. The term of an incentive stock option may not exceed ten years, except that with respect to any participant who owns 10% or more of the total combined voting power of all classes of our stock, or of any of our subsidiaries, the term of such incentive stock option may not exceed five years and the exercise price must equal at least 110% of the fair market value of our common stock on the grant date. To the extent that the aggregate fair market value of the shares subject to an incentive stock option that become exercisable for the first time by an employee during any calendar year exceeds $100,000, such excess will be treated as a nonstatutory stock option. The administrator will determine the methods of payment of the exercise price of an option, which may include cash, shares or other property acceptable to the plan administrator. Subject to the provisions of our 2009 Plan, the administrator determines the term of all other options. After the termination of service of an employee, director or consultant, he or she may exercise his or her option, to the extent vested as of such date of termination, for the period of time stated in his or her option agreement. Generally, if termination is due to death or disability, the option will remain exercisable for 12 months. In all other cases, the option will generally remain exercisable for three months following the termination of service. However, in no event may an option be exercised later than the expiration of its term.
- *Stock Appreciation Rights.* Stock appreciation rights may be granted under our 2009 Plan. Stock appreciation rights allow the recipient to receive the appreciation in the fair market value of our

common stock between the exercise date and the date of grant. Subject to the provisions of our 2009 Plan, the administrator determines the terms of stock appreciation rights, including when such rights vest and become exercisable and whether to settle such awards in cash or with shares of our common stock, or a combination thereof, except that the per share exercise price for the shares to be issued pursuant to the exercise of a stock appreciation right will be no less than 100% of the fair market value per share on the date of grant.

- *Restricted Stock.* Restricted stock may be granted under our 2009 Plan. Restricted stock awards are grants of shares of our common stock that are subject to various restrictions, including restrictions on transferability and forfeiture provisions. Shares of restricted stock will vest and the restrictions on such shares will lapse, in accordance with terms and conditions established by the administrator. Such terms may include, among other things, vesting upon the achievement of specific performance goals determined by the administrator and/or continued service to us. Recipients of restricted stock awards will have voting and dividend rights with respect to such shares upon grant without regard to vesting; provided, however, that the administrator, in its sole discretion, may accelerate the time at which any restrictions will lapse or be removed. Shares of restricted stock that do not vest for any reason will be forfeited by the recipient and will revert to us.
- *Restricted Stock Units.* Restricted stock units may be granted under our 2009 Plan. Each restricted stock unit granted is a bookkeeping entry representing an amount equal to the fair market value of one share of our common stock. The administrator determines the terms and conditions of restricted stock units including the vesting criteria, which may include accomplishing specified performance criteria or continued service to us, and the form and timing of payment. Notwithstanding the foregoing, the administrator, in its sole discretion, may accelerate the time at which any restrictions will lapse or be removed.
- *Performance Units/Performance Shares.* Performance units and performance shares may be granted under our 2009 Plan. Performance units and performance shares are awards that will result in a payment to a participant only if performance goals established by the administrator are achieved or the awards otherwise vest. The administrator will establish organizational or individual performance goals in its discretion, which, depending on the extent to which they are met, will determine the number and/or the value of performance units and performance shares to be paid out to participants. After the grant of a performance unit or performance share, the administrator, in its sole discretion, may reduce or waive any performance objectives or other vesting provisions for such performance units or performance shares. Performance units shall have an initial dollar value established by the administrator prior to the grant date. Performance shares shall have an initial value equal to the fair market value of our common stock on the grant date. The administrator, in its sole discretion, may pay earned performance units or performance shares in the form of cash, shares or some combination thereof.

Transferability of Awards. Unless the administrator provides otherwise, our 2009 Plan generally does not allow for the transfer of awards and only the recipient of an option or stock appreciation right may exercise such an award during his or her lifetime.

Certain Adjustments. In the event of certain changes in our capitalization, to prevent diminution or enlargement of the benefits or potential benefits available under the 2009 Plan, the administrator will make adjustments to one or more of the number and class of shares that may be delivered under the plan and/or the number, class and price of shares covered by each outstanding award and the numerical share limits contained in the plan. In the event of our proposed liquidation or dissolution, the administrator will notify participants as soon as practicable and all awards will terminate immediately prior to the consummation of such proposed transaction.

Merger, Change of Control. Our 2009 Plan provides that in the event of a merger or change of control as defined in the 2009 Plan, each outstanding award will be treated as the administrator determines, except that if a successor corporation or its parent or subsidiary does not assume or substitute an equivalent award for any

outstanding award, then such award will fully vest, all restrictions on such award will lapse, all performance goals or other vesting criteria applicable to such award will be deemed achieved at 100% of target levels and such award will become fully exercisable, if applicable, for a specified period prior to the transaction. Such award will then terminate upon the expiration of the specified period of time. If the service of an outside director is terminated on or following a change of control, other than pursuant to a voluntary resignation, his or her options, restricted stock units and stock appreciation rights, if any, will vest fully and become immediately exercisable, all restrictions on his or her restricted stock will lapse, and all performance goals or other vesting requirements for his or her performance shares and units will be deemed achieved at 100% of target levels, and all other terms and conditions will be met.

Plan Amendment, Termination. Our board of directors has the authority to amend, suspend or terminate the 2009 Plan provided such action does not impair the existing rights of any participant. Our 2009 Plan will automatically terminate in 2019, unless we terminate it sooner.

2008 Stock Plan

Our board of directors adopted, and our stockholders approved our 2008 Stock Plan ("2008 Plan") in March, 2008. The 2008 Plan became effective upon approval by the stockholders. The 2008 Plan will terminate upon the closing of this offering.

Purpose. The purposes of the 2008 Plan are to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentive to the directors, employees and consultants of the company or any subsidiary of the company and to promote the success of our business. Our 2008 Plan provides for the grant of incentive stock options, within the meaning of Section 422 of the Internal Revenue Code, to employees of the company and of any subsidiary of the company and for the grant of nonstatutory stock options and stock purchase rights to the directors, employees and consultants of the company.

Stock Subject to the Plan. A total of 5,000,000 shares of our common stock plus up to an aggregate of 17,224,412 shares of common stock may be optioned or sold under the 2008 Plan. The 17,224,412 shares are comprised of (i) any common stock that, as of the date of stockholder approval of the 2008 Plan, were reserved but not issued under the company's Amended and Restated 2000 Stock Plan ("2000 Plan"), and were not subject to any awards granted thereunder, and (ii) any common stock subject to stock options or similar awards granted under the 2000 Plan that expired or otherwise terminated without having been exercised in full and common stock issued pursuant to awards granted under the 2000 Plan that were forfeited to or repurchased by us. There is no maximum number of shares which may be granted to any participant in any calendar year. The shares may be authorized but unissued, or reacquired common stock.

If a stock option or stock purchase right expires or becomes unexercisable without having been exercised in full, or is surrendered pursuant to an option exchange program, the unpurchased shares subject to such awards will become available for future grant or sale under the 2008 Plan. However, shares that have actually been issued under the 2008 Plan, upon exercise of either a stock option or stock purchase right, will not be returned to the 2008 Plan and will not become available for future distribution under the 2008 Plan, except that if shares of restricted stock are repurchased by the company at their original purchase price, such shares will become available for future grant under the 2008 Plan.

Plan Administration. Our board or a committee which it appoints administers the 2008 Plan. Subject to the provisions of our 2008 Plan, the administrator has the authority in its discretion to determine the terms of awards, including the recipients, the fair market value of our common stock, the number of shares subject to each award, the exercise price of awards, and the vesting schedule applicable to the awards (together with any vesting acceleration or waiver of forfeiture restrictions). The administrator also has the authority, subject to the terms of the 2008 Plan, to amend existing awards to reduce their exercise price, to institute an exchange program by which outstanding awards may be surrendered in exchange for awards that may have different exercise prices and terms, and to construe and interpret the plan.

Awards.

- *Stock Options*. The administrator may grant incentive and/or nonstatutory stock options under our 2008 Plan. The exercise price of an incentive stock option and nonstatutory stock option may be no less than 100% of the fair market value of our common stock on the date of grant. With respect to an option granted to a participant who owns stock representing more than 10% of the total combined voting power of all classes of stock of the company or any subsidiary of the company, the exercise price of the incentive stock options granted may be no less than 110% of the fair market value on the date of grant. Notwithstanding the foregoing, an option may be granted with an exercise price other than as required above pursuant to a merger or other corporate transaction. The term of an option will be stated in an option agreement evidencing the terms and conditions of an individual option grant. The term of an incentive stock option may not exceed ten years from the date of grant, except that with respect to any participant who owns 10% or more of the total combined voting power of all classes of the stock of the company, or any subsidiary of the company, the term of such incentive stock option may not exceed five years. To the extent that the aggregate fair market value of the shares subject to an incentive stock option that become exercisable for the first time by an optionee during any calendar year (under all plans of the company and any subsidiary of the company) exceeds $100,000, such excess will be treated as a nonstatutory stock option. The administrator will determine the methods of payment of the exercise price of an option, which may include cash, shares or other property acceptable to the plan administrator. After the termination of service (other than for death or disability) of a participant, he or she may exercise his or her option, to the extent vested as of such date of termination, for the period of time stated in his or her option agreement (at least 30 days, but in no event longer than the expiration date specified in the option agreement). In the absence of a specified period of time in the option agreement, the option will remain exercisable for 3 months following the termination. If termination is due to death or disability, the option must remain exercisable for at least 6 months, but in no event longer than the expiration date specified in the option agreement. In the absence of a specified post-termination exercise period, the option will remain exercisable for 12 months following a termination for death or disability. The administrator may at any time offer to buy-out for a payment in cash or shares, an option previously granted, based on terms and conditions as the administrator will establish and communicate to the participant at the time such offer is made.
- *Stock Purchase Rights*. Stock purchase rights may be granted either alone, in addition to, or in tandem with, other awards granted under the 2008 Plan and/or cash awards made outside of the 2008 Plan. Stock purchase rights are grants of rights to purchase our common stock that are subject to various restrictions, including restrictions on transferability and forfeiture provisions. After the administrator determines that it will offer stock purchase rights, it will advise the purchaser of the terms, conditions, and restrictions related to the offer, including the number of shares that the purchaser is entitled to purchase, the price to be paid, and the time within which the purchaser must accept such offer. A purchaser accepts the offer by execution of a restricted stock purchase agreement in the form determined by the administrator. Unless the administrator determines otherwise, the restricted stock purchase agreement will grant the company a repurchase option exercisable upon the voluntary or involuntary termination of the purchaser's service with the company for any reason (including death or disability). The purchase price for shares repurchased will be the original price paid by the purchaser and may be paid by cancellation of any indebtedness of the purchaser to the company. The repurchase option will lapse at such rate as the administrator may determine. A purchaser will have rights equivalent to a stockholder upon exercise of a stock purchase right.

Transferability of Awards. Unless determined otherwise by the administrator, and except as provided for by the administrator pursuant to a buy-out, our 2008 Plan generally does not allow for the sale, pledge, assignment, hypothecation, transfer, or disposition of a stock option (and, prior to exercise, the common stock to be issued upon exercise of stock options) or stock purchase right in any manner, including by entering into any short position, any "put equivalent position" or any "call equivalent position" (each as defined in Section 16a-1(b) of the Exchange Act) with respect to such securities, other than by will or the laws of descent or distribution, or as

permitted by Rule 701 of the Securities Act of 1933, as amended, subject to approval by the administrator. Unless determined otherwise by the administrator, an option or stock purchase right may be exercised, during the lifetime of the participant, only by the participant.

Adjustments. In the event of certain changes in our capitalization effected without receipt of consideration (including a stock split, reverse stock split, stock dividend, and a combination or reclassification of our common stock), the board will make adjustments to the number of shares covered by an outstanding award, the number of shares which have been authorized for issuance under the 2008 Plan but as to which no awards have yet been granted or which have been returned to the 2008 Plan upon cancellation or expiration of an award, as well as the price per share of common stock covered by each outstanding award. The board's determination of this adjustment will be final, binding, and conclusive. Except as expressly provided in the 2008 Plan, no issuance of shares of stock of any class, or securities convertible into shares of any class, will affect, and no adjustment by reason thereof will be made with respect to, the number or price of shares subject to an award.

Dissolution or Liquidation. In the event of a proposed dissolution or liquidation of the Company, the administrator will notify each participant as soon as practicable prior to the effective date of such proposed transaction. In its discretion, the administrator may provide a participant the right to exercise his or her award until 15 days prior to such transaction as to all shares covered thereby, including shares as to which would not otherwise be exercisable. The administrator may also provide that any repurchase option applicable to any shares purchased upon exercise of an award will lapse as to all such shares, provided the proposed dissolution or liquidation takes place as contemplated. To the extent not exercised, all awards will terminate immediately prior to the consummation of such action.

Change of Control. Our 2008 Plan provides that in the event of a "change of control," as defined in the 2008 Plan, each outstanding award will be assumed or an equivalent award substituted by the successor corporation or its parent or subsidiary. However, if a successor corporation or its parent or subsidiary does not assume or substitute an equivalent award for any outstanding award, then upon notice from the administrator, such award will fully vest and be fully exercisable for a period of 15 days from the notice or such other period of time as the administrator shall determine. Such award will then terminate upon the expiration of this specified period of time.

Plan Termination and Amendment. Our board in its sole discretion may terminate the 2008 Plan at any time. The Board may amend the 2008 Plan at any time it may deem advisable, provided that any change in the aggregate number of shares that may be issued under the 2008 Plan, other than in connection with certain changes in capitalization effected without receipt of consideration, will require approval of the holders of a majority of the outstanding shares entitled to vote.

Amended and Restated 2000 Stock Plan

Our board of directors adopted, and our stockholders approved our 2000 Stock Plan ("2000 Plan") in December 2000. The 2000 Plan became effective upon approval by the stockholders. The board and stockholders later approved and adopted the amended and restated 2000 Plan in April 2006, and it was subsequently amended in March 2008. The 2000 Plan will terminate upon the closing of this offering.

Purpose. The purposes of the 2000 Plan are to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentive to directors, employees and consultants of our company or any subsidiary of the company and to promote the success of our business. Our 2000 Plan provides for the grant of incentive stock options, within the meaning of Section 422 of the Internal Revenue Code, to employees of the company and of any of our subsidiary corporations and for the grant of nonstatutory stock options and stock purchase rights to our directors and to employees and consultants of the company and of any of our subsidiary corporations.

Stock Subject to the Plan. A maximum of 21,500,000 shares of our common stock may be optioned or sold under the 2000 Plan. There is no maximum number of shares which may be granted to any participant in any calendar year under the 2000 Plan. The shares may be authorized but unissued, or reacquired common stock.

If a stock option or stock purchase right expires or becomes unexercisable without having been exercised in full, or is surrendered pursuant to an option exchange program, the unpurchased shares subject to such awards will become available for future grant or sale under the 2000 Plan. However, shares that have actually been issued under the 2000 Plan, upon exercise of either a stock option or stock purchase right, will not be returned to the 2000 Plan and will not become available for future distribution under the 2000 Plan, except that if shares of restricted stock are repurchased by the company at their original purchase price, such shares will become available for future grant under the 2000 Plan.

Plan Administration. Our board or a committee which it appoints administers the 2000 Plan. Subject to the provisions of our 2000 Plan, the administrator has the authority in its discretion to determine the terms of awards, including the recipients, the fair market value of our common stock, the number of shares subject to each award, the exercise price of awards, and the vesting schedule applicable to the awards (together with any vesting acceleration or waiver of forfeiture restrictions). The administrator also has the authority, subject to the terms of the 2000 Plan, to amend existing awards to reduce their exercise price, to institute an exchange program by which outstanding awards may be surrendered in exchange for awards that may have different exercise prices and terms, and to construe and interpret the plan.

Awards.

- *Stock Options*. The administrator may grant incentive and/or nonstatutory stock options under our 2000 Plan. The exercise price of an incentive stock option and nonstatutory stock option may be no less than 100% of the fair market value of our common stock on the date of grant. With respect to an option granted to a participant who owns stock representing more than 10% of the total combined voting power of all classes of stock of the company or any subsidiary of the company, the exercise price of incentive stock options granted may be no less than 110% of the fair market value on the date of grant. Notwithstanding the foregoing, an option may be granted with an exercise price other than as required above pursuant to a merger or other corporate transaction. The term of an option will be stated in an option agreement evidencing the terms and conditions of an individual option grant. The term of an incentive stock option may not exceed ten years from the date of grant, except that with respect to any participant who owns 10% or more of the total combined voting power of all classes of our stock, the term of such incentive stock option may not exceed five years. To the extent that the aggregate fair market value of the shares subject to an incentive stock option that become exercisable for the first time by an optionee during any calendar year (under all plans of the company and any parent or subsidiary) exceeds $100,000, such excess will be treated as a nonstatutory stock option. The administrator will determine the methods of payment of the exercise price of an option, which may include cash, shares or other property acceptable to the plan administrator. After the termination of service (other than for death or disability) of a participant, he or she may exercise his or her option, to the extent vested as of such date of termination, for the period of time stated in his or her option agreement (at least 30 days, but in no event longer than the expiration date specified in the option agreement). In the absence of a specified period of time in the option agreement, the option will remain exercisable for 3 months following the termination. If termination is due to death or disability, the option must remain exercisable for at least 6 months, but in no event longer than the expiration date specified in the option agreement. In the absence of a specified post-termination exercise period, the option will remain exercisable for 12 months following a termination for death or disability. The administrator may at any time offer to buy-out, for a payment in cash or shares, an option previously granted, based on terms and conditions as the administrator will establish and communicate to the participant at the time such offer is made.

- *Stock Purchase Rights*. Stock purchase rights may be granted either alone, in addition to, or in tandem with, other awards granted under the 2000 Plan and/or cash awards made outside of the 2000 Plan. Stock purchase rights are grants of rights to purchase our common stock that are subject to various restrictions, including restrictions on transferability and forfeiture provisions. After the administrator determines that it will offer stock purchase rights, it will advise the purchaser of the terms, conditions, and restrictions related to the offer, including the number of shares that the purchaser is entitled to purchase, the price to be paid, and the time within which the purchaser must accept. A purchaser accepts the offer by execution of a restricted stock purchase agreement in the form determined by the administrator. Unless the administrator determines otherwise, the restricted stock purchase agreement will grant the company a repurchase option exercisable upon the voluntary or involuntary termination of the purchaser's service with the company for any reason (including death or disability). The purchase price for shares repurchased will be the original price paid by the purchaser and may be paid by cancellation of any indebtedness of the purchaser to the company. The repurchase option will lapse at such rate as the administrator may determine. A purchaser will have rights equivalent to a stockholder upon exercise of a stock purchase right.

Transferability of Awards. Unless determined otherwise by the administrator, and except as provided for by the administrator pursuant to a buy-out, our 2000 Plan generally does not allow for the sale, pledge, assignment, hypothecation, transfer, or disposition of a stock option (and, prior to exercise, the common stock to be issued upon exercise of stock options) or stock purchase right in any manner, including by entering into any short position, any "put equivalent position" or any "call equivalent position" (each as defined in Section 16a-1(b) of the Exchange Act) with respect to such securities, other than by will or the laws of descent or distribution, or as permitted by Rule 701 of the Securities Act of 1933, as amended, subject to approval by the administrator. Unless determined otherwise by the administrator, an option or stock purchase right may be exercised, during the lifetime of the participant, only by the participant.

Adjustments. In the event of certain changes in our capitalization effected without receipt of consideration (including a stock split, reverse stock split, stock dividend, and a combination or reclassification of our common stock), the Board will make adjustments to the number of shares covered by an outstanding award, the number of shares which have been authorized for issuance under the 2000 Plan but as to which no awards have yet been granted or which have been returned to the 2000 Plan upon cancellation or expiration of an award, as well as the price per share of common stock covered by each outstanding award. The Board's determination of this adjustment will be final, binding, and conclusive. Except as expressly provided in the 2000 Plan, no issuance of shares of stock of any class, or securities convertible into shares of any class, will affect, and no adjustment by reason thereof will be made with respect to, the number or price of shares subject to an award.

Dissolution or Liquidation. In the event of a proposed dissolution or liquidation of the Company, the administrator will notify each participant as soon as practicable prior to the effective date of such proposed transaction. In its discretion, the administrator may provide a participant the right to exercise his or her award until 15 days prior to such transaction as to all shares covered thereby, including shares as to which would not otherwise be exercisable. The administrator may also provide that any repurchase option applicable to any shares purchased upon exercise of an award will lapse as to all such shares, provided the proposed dissolution or liquidation takes place as contemplated. To the extent not exercised, all awards will terminate immediately prior to the consummation of such action.

Change of Control. Our 2000 Plan provides that in the event of a "change of control," as defined in the 2000 Plan, each outstanding award will be assumed or substituted for an equivalent award by the successor corporation or its parent or subsidiary. However, if a successor corporation or its parent or subsidiary does not assume or substitute an equivalent award for any outstanding award, then upon notice from the administrator, such award will fully vest and be fully exercisable for a period of 15 days from the notice or such other period of time as the administrator shall determine. Such award will then terminate upon the expiration of this specified period of time.

Plan Termination and Amendment. Our Board in its sole discretion may terminate the 2000 Plan at any time. The Board may amend the 2000 Plan at any time it may deem advisable, provided that any change in the aggregate number of shares that may be issued under the 2000 Plan, other than in connection with certain changes in capitalization effected without receipt of consideration, will require approval of the holders of a majority of the outstanding shares entitled to vote.

401(k) Plan

We have established a tax-qualified 401(k) retirement plan for all employees who satisfy certain eligibility requirements, including requirements relating to age and length of service. Under our 401(k) plan, employees may elect to defer their current compensation by up to 75% or the statutory limit, $16,500 in 2009, whichever is less, and contribute to the 401(k) plan. We currently do not match any contributions made by our employees, including executives. We intend for the 401(k) plan to qualify under Section 401(a) of the Internal Revenue Code so that contributions by employees to the 401(k) plan, and income earned on plan contributions, are not taxable to employees until withdrawn from the 401(k) plan.

Limitation on Liability and Indemnification Matters

Our amended and restated certificate of incorporation, which will be in effect upon the completion of this offering, contains provisions that limit the liability of our directors for monetary damages to the fullest extent permitted by Delaware law. Consequently, our directors will not be personally liable to us or our stockholders for monetary damages for any breach of fiduciary duties as directors, except liability for:

- any breach of the director's duty of loyalty to us or our stockholders;
- any act or omission not in good faith or that involves intentional misconduct or a knowing violation of law;
- unlawful payments of dividends or unlawful stock repurchases or redemptions as provided in Section 174 of the Delaware General Corporation Law; or
- any transaction from which the director derived an improper personal benefit.

Our amended and restated certificate of incorporation and amended and restated bylaws to be in effect upon the completion of this offering provide that we are required to indemnify our directors and officers, in each case to the fullest extent permitted by Delaware law. Our amended and restated bylaws also provide that we are obligated to advance expenses incurred by a director or officer in advance of the final disposition of any action or proceeding, and permit us to secure insurance on behalf of any officer, director, employee or other agent for any liability arising out of his or her actions in that capacity regardless of whether we would otherwise be permitted to indemnify him or her under the provisions of Delaware law. We have entered and expect to continue to enter into agreements to indemnify our directors, executive officers and other employees as determined by our board of directors. With specified exceptions, these agreements provide for indemnification for related expenses including, among other things, attorneys' fees, judgments, fines and settlement amounts incurred by any of these individuals in any action or proceeding. We believe that these bylaw provisions and indemnification agreements are necessary to attract and retain qualified persons as directors and officers. We also maintain directors' and officers' liability insurance.

The limitation of liability and indemnification provisions in our amended and restated certificate of incorporation and amended and restated bylaws may discourage stockholders from bringing a lawsuit against our directors and officers for breach of their fiduciary duty. They may also reduce the likelihood of derivative litigation against our directors and officers, even though an action, if successful, might benefit us and other stockholders. Further, a stockholder's investment may be adversely affected to the extent that we pay the costs of settlement and damage awards against directors and officers as required by these indemnification provisions. At present, there is no pending litigation or proceeding involving any of our directors, officers or employees for which indemnification is sought, and we are not aware of any threatened litigation that may result in claims for indemnification.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

In addition to the cash and equity compensation arrangements of our directors and executive officers discussed above under "Management—Director Compensation" and "Executive Compensation," the following is a description of transactions since January 1, 2006, to which we have been a party in which the amount involved exceeded or will exceed $120,000 and in which any of our directors, executive officers, beneficial holders of more than 5% of our capital stock, or entities affiliated with them, had or will have a direct or indirect material interest.

Investors' Rights Agreement

We have entered into an investors' rights agreement with certain holders of our common stock and convertible preferred stock that provides for certain rights relating to the registration of their shares of common stock, including those issued upon conversion of their preferred stock. See "Description of Capital Stock—Registration Rights" below for additional information.

Employment of Family Members

Victor Tsang and Steven Tsang, two sons of David Tsang, the non-executive Chairman of our board of directors, are employees of the Company. Amounts paid by us to the two sons totaled $124,000, $148,000 and $142,000 during our 2006, 2007 and 2008 fiscal years, respectively.

Japan Lease

In January 2008, our subsidiary in Japan, Fortinet Japan K.K., or Fortinet Japan, entered into a fixed-term sublease agreement with Defta Management Ltd., an entity affiliated with one of our directors, George Hara, pursuant to which Fortinet Japan has occupied office space located in Tokyo, Japan since January 2008. Under the sublease agreement, Fortinet Japan has the right to occupy the leased property until December 31, 2009 and is obligated to pay rent of 78 million Japanese yen per year (approximately US$0.8 million), excluding taxes. In connection with sublease, Fortinet Japan provided Defta Management with a deposit of 36 million Japanese yen (approximately US$0.4 million) to secure its obligations under the sublease.

Distribution Agreement

Ken Hara, the brother of George Hara, one of our directors, is the president of Datacontrol Co., Ltd., a distributor of our products in Japan. Prior to 2009, Datacontrol purchased our products from one of our distributors and resold them. In January 2009, we entered into a distribution agreement with Datacontrol, pursuant to which Datacontrol purchases products directly from us and distributes them in Japan. As of June 28, 2009, Datacontrol has purchased an aggregate $1.2 million worth of our products under the distribution agreement.

Change of Control Agreements

We have entered into change of control agreements with our non-executive directors as described in "Management—Director Compensation" above and we have entered into Change of Control Severance Agreements with certain of our executive officers as described in "Executive Compensation—Severance Agreements and Change of Control Arrangements" above.

Indemnification of Officers and Directors

Upon completion of this offering, our amended and restated certificate of incorporation and bylaws will provide that we will indemnify each of our directors and officers to the fullest extent permitted by Delaware law. In addition, we have entered into indemnification agreements with each of our directors and executive officers. See "Executive Compensation—Limitation of Liability and Indemnification Matters" above for more details.

Policies and Procedures for Related Party Transactions

As provided by our audit committee charter, our audit committee is responsible for reviewing and approving any related party transaction. Prior to the creation of our audit committee, our full board of directors reviewed related party transactions.

All of the transactions set forth above were approved or will be ratified by our board of directors. We believe that we have executed all of the transactions set forth above on terms no less favorable to us than we could have obtained from unaffiliated third parties. It is our intention to ensure that all future transactions between us and our officers, directors and principal stockholders and their affiliates are approved by our audit committee on terms no less favorable to us than those that we could obtain from unaffiliated third parties.

Board of Directors

Prior to the closing of this offering, Redpoint Ventures had the right to appoint one of our directors. This right terminates upon the closing of this offering. The nominee of Redpoint Ventures will remain on our board following this offering but we are under no contractual obligation to retain him.

PRINCIPAL AND SELLING STOCKHOLDERS

The following table sets forth certain information with respect to the beneficial ownership of our common stock at June 28, 2009, as adjusted to reflect the sale of shares of common stock offered by us in this offering, for:

- each holder who we know beneficially owns more than 5% of our common stock;
- each of our directors;
- each of our named executive officers;
- all of our directors and executive officers as a group; and
- all selling stockholders.

We have determined beneficial ownership in accordance with the rules of the SEC. Except as indicated by the footnotes below, we believe, based on the information furnished to us, that the persons and entities named in the table below have sole voting and investment power with respect to all shares of common stock that they beneficially own, subject to applicable community property laws.

Applicable percentage ownership is based on 58,112,679 shares of common stock outstanding as of June 28, 2009 after giving effect to the conversion of all outstanding shares of our preferred stock into common stock effective immediately prior to the closing of this offering. For purposes of the table below, we have assumed that shares of common stock will be sold by us in this offering. In computing the number of shares of common stock beneficially owned by a holder and the percentage ownership of that person, we deemed to be outstanding all shares of common stock subject to options, warrants and other convertible securities held by that person or entity that are currently exercisable or exercisable within 60 days of June 28, 2009. We did not deem these shares outstanding, however, for the purpose of computing the percentage ownership of any other holder.

Unless otherwise indicated, the address of each beneficial owner listed in the table below is c/o Fortinet, Inc., 1090 Kifer Road, Sunnyvale, California 94086.

Name of beneficial owner	Shares beneficially owned prior to this offering		Number of shares being offered	Shares beneficially owned after this offering		Number of shares to be offered if over-allotment option is exercised in full	Shares beneficially owned after over-allotment	
	Number	Percentage		Number	Percentage		Number	Percentage
Directors and Executive Officers:								
Ken Xie[1]	10,636,229	18.2%						
Michael Xie[2]	8,373,749	14.3%						
Kenneth Goldman[3]	287,500	*						
John Whittle[4]	122,916	*						
David Tsang[5]	3,287,777	5.6%						
George Hara[6]	2,836,667	4.9%						
Hong Liang Lu[7]	17,000	*						
Greg Myers[8]	17,000	*						
Christopher Paisley[9]	115,750	*						
John Walecka[10]	9,002,353	15.5%						
All directors and executive officers as a group (10 persons)	34,696,941	59.4%						
Other 5% Stockholders:								
Entities affiliated with Redpoint Ventures[11]	8,882,353	15.5%						
Entities affiliated with Meritech Capital[12]	6,336,168	10.9%						
Other Selling Stockholders:								

* Less than one percent.

(1) Represents: (a) 8,246,679 shares of common stock held by Ken Xie; (b) 966,494 shares of common stock held by The Ken Xie 2007 Annuity Trust; (c) 966,494 shares of common stock held by The Winnie Hiu-Yin Lee 2007 Annuity Trust; and (d) 456,562 shares of common stock issuable upon exercise of options exercisable within 60 days of June 28, 2009. Mr. Ken Xie is the trustee of The Ken Xie 2007 Annuity Trust and grantor of The Winnie-Hiu-Yin Lee 2007 Annuity Trust.

(2) Represents: (a) 6,550,000 shares of common stock held by Michael Xie; (b) 1,500,000 shares of common stock held by Michael Xie and Danke Wu as community property; and (c) 323,749 shares of common stock issuable upon exercise of options exercisable within 60 days of June 28, 2009.

(3) Represents 287,500 shares of common stock issuable upon exercise of options exercisable within 60 days of June 28, 2009.

(4) Represents 122,916 shares of common stock issuable upon exercise of options exercisable within 60 days of June 28, 2009.

(5) Represents: (a) 200,000 shares of common stock held by Acorn Angels 2000 L.L.C.; (b) 2,987,777 shares of common stock held by David Tsang; and (c) 100,000 shares of common stock issuable upon exercise of options exercisable within 60 days of June 28, 2009. The address for each of these stockholders is c/o David Tsang, 758 Loyola Drive, Los Altos, CA 94024.

(6) Represents the following shares held by entities affiliated with Defta Partners: (a) 1,083,334 shares of common stock held by Defta Alliance Fund II, L.P.; (b) 666,666 shares of common stock held by Coba Management, LLC; (c) 420,000 shares of common stock held by Defta Fortinet Holdings, LP; (d) 246,667 shares of common stock held by Defta Ubiquitous Technologies, LP; (e) 200,000 shares of common stock held by Defta Corporate Capital II; (f) 120,000 shares of common stock held by Defta Archipelago, LLC. Also represents (g) 100,000 shares of common stock issuable upon exercise of options exercisable within 60 days of June 28, 2009 held by Mr. Hara. Mr. Hara is a managing partner of Defta Partners and holds voting and dispositive power over the shares held by the entities affiliated with Defta Partners. Mr. Hara disclaims beneficial ownership of the shares held by the entities affiliated with Defta Partners except to the extent of his individual pecuniary interest therein.

(7) Represents 17,000 shares of common stock issuable upon exercise of options exercisable within 60 days of June 28, 2009.

(8) Represents 17,000 shares of common stock issuable upon exercise of options exercisable within 60 days of June 28, 2009.
(9) Represents 115,750 shares of common stock issuable upon exercise of options exercisable within 60 days of June 28, 2009.
(10) Represents: (a) the shares listed in footnote (1) above, which are held by entities affiliated with Redpoint Ventures; and (b) 120,000 shares of common stock issuable upon exercise of options exercisable within 60 days of June 28, 2009. Mr. Walecka is a founding partner of Redpoint Ventures and holds voting and dispositive power over the shares held by the entities affiliated with Redpoint Ventures. Mr. Walecka disclaims beneficial ownership of the shares held by the entities affiliated with Redpoint Ventures except to the extent of his individual pecuniary interest therein.
(11) Represents: (a) 8,681,612 shares of common stock held by Redpoint Ventures II, L.P.; and (b) 200,741 shares of common stock held by Redpoint Associates II, L.L.C. The address for each of these entities is 3000 Sand Hill Road, Bldg. 2, Suite 290, Menlo Park, California 94025.
(12) Represents: (a) 6,131,510 shares of common stock held by Meritech Capital Partners II, L.P.; (b) 157,770 shares of common stock held by Meritech Capital Affiliates II, L.P.; and (c) 46,888 shares of Common Stock held by MCP Entrepreneur Partners II L.P. The address for each of these entities is 245 Lytton Avenue, Suite 350, Palo Alto, California 94301.

DESCRIPTION OF CAPITAL STOCK

General

The following is a summary of the rights of our common stock and preferred stock and certain provisions of our amended and restated certificate of incorporation and amended and restated bylaws, as they will be in effect upon the closing of this offering. For more detailed information, please see our forms of amended and restated certificate of incorporation and bylaws to be effective upon the closing of this offering, which are filed as exhibits to the registration statement of which this prospectus forms a part.

Immediately following the closing of this offering, our authorized capital stock will consist of 310,000,000 shares, with a par value of $0.001 per share, of which:

- 300,000,000 shares are designated as common stock; and
- 10,000,000 shares are designated as preferred stock.

As of June 28, 2009, we had outstanding 58,112,679 shares of common stock, held of record by 442 stockholders, and no shares of preferred stock, assuming the automatic conversion of all outstanding shares of our preferred stock into common stock immediately prior to the closing of this offering.

Common Stock

The holders of our common stock are entitled to one vote per share on all matters to be voted on by the stockholders. Subject to preferences that may be applicable to any outstanding shares of preferred stock, holders of common stock are entitled to receive ratably such dividends as may be declared by the board of directors out of funds legally available therefor. In the event we liquidate, dissolve or wind up, holders of common stock are entitled to share ratably in all assets remaining after payment of liabilities and the liquidation preferences of any outstanding shares of preferred stock. Holders of common stock have no preemptive, conversion or subscription rights. There are no redemption or sinking fund provisions applicable to the common stock.

Preferred Stock

Immediately prior to the closing of this offering and after the filing of our amended and restated certificate of incorporation, our board of directors will have the authority, without further action by our stockholders, to issue from time to time up to 10,000,000 shares of preferred stock in one or more series. Our board of directors may designate the rights, preferences, privileges and restrictions of the preferred stock, including dividend rights, conversion rights, voting rights, terms of redemption, liquidation preference, sinking fund terms and the number of shares constituting any series or the designation of any series. The issuance of preferred stock (or the ability to issue preferred stock) could have the effect of restricting dividends on our common stock, diluting the voting power of our common stock, impairing the liquidation rights of our common stock or delaying, deterring or preventing a change in control. Such issuance could have the effect of decreasing the market price of the common stock. We currently have no plans to issue any shares of preferred stock. After the closing of this offering, no shares of preferred stock will be outstanding.

Registration Rights

After this offering, the holders of an aggregate of shares of our common stock, or % of our common stock outstanding after the closing of this offering, will be entitled to certain rights with respect to registration of such shares under the Securities Act of 1933, as amended. These shares are referred to as registrable securities. The holders of registrable securities possess registration rights pursuant to the terms of our investors' rights agreement, as amended through February 24, 2004 entered into by us and such holders of registrable securities. The amended investors' rights agreement provides that if we determine to register any of our securities under the Securities Act, these holders are entitled to written notice of the registration and are entitled to include all or portion of their registrable shares in the registration, subject to certain limitations. However, the underwriters have the right to

limit the number of shares included in any such registration. In addition, beginning six months after the completion of this offering, these holders will have the right to require us, on no more than two occasions, to file a registration statement under the Securities Act to register all or any part of the registrable securities held by such holders, subject to certain conditions and limitations. Further, these holders may require us to register all or any portion of their registrable securities on Form S-3, when such form becomes available to us, subject to certain conditions and limitations. The registration rights provisions of the amended investors' rights agreement apply to this offering.

Anti-Takeover Effects of Delaware General Corporation Law and Our Amended and Restated Certificate of Incorporation and Bylaws

Our amended and restated certificate of incorporation and our amended and restated bylaws contain certain provisions that could have the effect of delaying, deterring or preventing another party from acquiring control of us. These provisions and certain provisions of Delaware General Corporation Law, or DGCL, which are summarized below, are expected to discourage coercive takeover practices and inadequate takeover bids. These provisions are also designed, in part, to encourage persons seeking to acquire control of us to negotiate first with our board of directors. We believe that the benefits of increased protection of our potential ability to negotiate more favorable terms with an unfriendly or unsolicited acquirer outweigh the disadvantages of potentially discouraging a proposal to acquire us.

Undesignated Preferred Stock. As discussed above, our board of directors has the ability to issue preferred stock with voting or other rights or preferences that could impede the success of any attempt to acquire control of our company. These and other provisions may have the effect of deterring hostile takeovers or delaying changes in control or management of our company.

Limits on Ability of Stockholders to Act by Written Consent or Call a Special Meeting. Our amended and restated certificate of incorporation provides that our stockholders may not act by written consent, which may lengthen the amount of time required to take stockholder actions. As a result, a holder controlling a majority of our capital stock would not be able to amend our bylaws or remove directors without holding a meeting of our stockholders called in accordance with our bylaws.

In addition, our amended and restated bylaws provide that special meetings of the stockholders may be called only by the chairperson of the board, the chief executive officer or our board of directors. Stockholders may not call a special meeting, which may delay the ability of our stockholders to force consideration of a proposal or for holders controlling a majority of our capital stock to take any action, including the removal of directors.

Requirements for Advance Notification of Stockholder Nominations and Proposals. Our amended and restated bylaws establish advance notice procedures with respect to stockholder proposals and the nomination of candidates for election as directors, other than nominations made by or at the direction of our board of directors or a committee of our board of directors. These provisions may have the effect of precluding the conduct of certain business at a meeting if the proper procedures are not followed. These provisions may also discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of our company.

Board Classification. Our board of directors is divided into three classes, one class of which is elected each year by our stockholders. The directors in each class will serve for a three-year term. For more information on the classified board, see "Management—Board of Directors." In addition, our amended and restated certificate of incorporation and our amended and restated bylaws provide that directors may be removed only for cause. The classification of our board of directors and the limitations on the ability of our stockholders to remove directors could make it more difficult for a third party to acquire, or discourage a third party from seeking to acquire, control of our company.

No Cumulative Voting. Our amended and restated certificate of incorporation and amended and restated bylaws do not permit cumulative voting in the election of directors. Cumulative voting allows a stockholder to vote a portion or all of its shares for one or more candidates for seats on the board of directors. Without cumulative voting, a minority stockholder may not be able to gain as many seats on our board of directors as the stockholder would be able to gain if cumulative voting were permitted. The absence of cumulative voting makes it more difficult for a minority stockholder to gain a seat on our board of directors to influence our board's decision regarding a takeover or otherwise.

Amendment of Charter Provisions. The amendment of the above provisions of our amended and restated certificate of incorporation and amended and restated bylaws requires approval by holders of at least two-thirds of our outstanding capital stock entitled to vote generally in the election of directors.

Delaware Anti-Takeover Statute. We are subject to the provisions of Section 203 of the DGCL regulating corporate takeovers. In general, Section 203 prohibits a publicly held Delaware corporation from engaging, under certain circumstances, in a business combination with an interested stockholder for a period of three years following the date the person became an interested stockholder unless:

- prior to the date of the transaction, our board of directors approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;
- upon completion of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, calculated as provided under Section 203; or
- at or subsequent to the date of the transaction, the business combination is approved by our board of directors and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least two-thirds of the outstanding voting stock which is not owned by the interested stockholder.

Generally, a business combination includes a merger, asset or stock sale, or other transaction resulting in a financial benefit to the interested stockholder. An interested stockholder is a person who, together with affiliates and associates, owns or, within three years prior to the determination of interested stockholder status, did own 15% or more of a corporation's outstanding voting stock. We expect the existence of this provision to have an anti-takeover effect with respect to transactions our board of directors does not approve in advance. We also anticipate that Section 203 may also discourage attempts that might result in a premium over the market price for the shares of common stock held by stockholders.

The provisions of the DGCL and the provisions of our amended and restated certificate of incorporation and amended and restated bylaws, as amended upon the closing of this offering, could have the effect of discouraging others from attempting hostile takeovers and, as a consequence, they might also inhibit temporary fluctuations in the market price of our common stock that often result from actual or rumored hostile takeover attempts. These provisions might also have the effect of preventing changes in our management. It is possible that these provisions could make it more difficult to accomplish transactions that stockholders might otherwise deem to be in their best interests.

Transfer Agent and Registrar

Upon the closing of this offering, the transfer agent and registrar for our common stock will be . The transfer agent's address is , and its telephone number is .

Stock Exchange Listing

We have applied to have our common stock listed on the under the symbol " ."

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no public market for shares of our common stock. Future sales of substantial amounts of shares of our common stock, including shares issued upon the exercise of outstanding options, in the public market after this offering, or the possibility of these sales occurring, could adversely affect the prevailing market price for our common stock from time to time or impair our ability to raise equity capital in the future.

Based on the number of shares outstanding as of June 28, 2009, upon the completion of this offering, shares of common stock will be outstanding, assuming no exercise of the underwriters' overallotment option and no exercise of outstanding options or warrants. Of the outstanding shares, shares sold in this offering will be freely tradable, except that any shares acquired by our affiliates, as that term is defined in Rule 144 under the Securities Act, in this offering may only be sold in compliance with the limitations described below.

The remaining shares of common stock outstanding after this offering will be restricted as a result of securities laws or lock-up agreements as described below. Following the expiration of the lock-up period, all shares will be eligible for resale in compliance with Rule 144 or Rule 701 to the extent such shares have been released from any repurchase option that we may hold. "Restricted securities" as defined under Rule 144 were issued and sold by us in reliance on exemptions from the registration requirements of the Securities Act. These shares may be sold in the public market only if registered or pursuant to an exemption from registration, such as Rule 144 or Rule 701 under the Securities Act.

Lock-Up Agreements

We, the selling stockholders, all of our directors and officers and the holders of approximately percent of our outstanding shares of common stock on a fully diluted basis immediately prior to this offering have agreed that, without the prior written consent of Morgan Stanley & Co. Incorporated and J.P. Morgan Securities Inc. on behalf of the underwriters, we and they will not, during the period ending 180 days after the date of this prospectus:

- offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any shares of our common stock or any securities convertible into or exercisable or exchangeable for shares of our common stock; or
- enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of our common stock;

whether any transaction described above is to be settled by delivery of shares of our common stock or such other securities, in cash or otherwise. This agreement is subject to certain exceptions, and is also subject to extension for up to an additional 34 days, as set forth in the section entitled "Underwriters."

Rule 144

In general, under Rule 144 as currently in effect, once we have been subject to public company reporting requirements for at least 90 days, a person who is not deemed to have been one of our affiliates for purposes of the Securities Act at any time during 90 days preceding a sale and who has beneficially owned the shares proposed to be sold for at least six months, including the holding period of any prior owner other than our affiliates, is entitled to sell such shares without complying with the manner of sale, volume limitation or notice provisions of Rule 144, subject to compliance with the public information requirements of Rule 144. If such a person has beneficially owned the shares proposed to be sold for at least one year, including the holding period of any prior owner other than our affiliates, then such person is entitled to sell such shares without complying with any of the requirements of Rule 144.

In general, under Rule 144, as currently in effect, our affiliates or persons selling shares on behalf of our affiliates are entitled to sell upon expiration of the lock-up agreements described above, within any three-month period beginning 90 days after the date of this prospectus, a number of shares that does not exceed the greater of:

- 1% of the number of shares of common stock then outstanding, which will equal approximately shares immediately after this offering; or
- the average weekly trading volume of the common stock during the four calendar weeks preceding the filing of a notice on Form 144 with respect to such sale.

Sales under Rule 144 by our affiliates or persons selling shares on behalf of our affiliates are also subject to certain manner of sale provisions and notice requirements and to the availability of current public information about us.

Rule 701

Rule 701 generally allows a stockholder who purchased shares of our common stock pursuant to a written compensatory plan or contract and who is not deemed to have been an affiliate of our company during the immediately preceding 90 days to sell these shares in reliance upon Rule 144, but without being required to comply with the public information, holding period, volume limitation, or notice provisions of Rule 144. Rule 701 also permits affiliates of our company to sell their Rule 701 shares under Rule 144 without complying with the holding period requirements of Rule 144. All holders of Rule 701 shares, however, are required to wait until 90 days after the date of this prospectus before selling such shares pursuant to Rule 701.

As of June 28, 2009, shares of our outstanding common stock had been issued in reliance on Rule 701 as a result of exercises of stock options and stock awards.

Registration Rights

Upon completion of this offering, the holders of shares of common stock or their transferees will be entitled to various rights with respect to the registration of these shares under the Securities Act. Registration of these shares under the Securities Act would result in these shares becoming fully tradable without restriction under the Securities Act immediately upon the effectiveness of the registration, except for shares purchased by affiliates. See “Description of Capital Stock–Registration Rights” for additional information. Shares covered by a registration statement will be eligible for sales in the public market upon the expiration or release from the terms of the lock-up agreement.

Registration Statements

We intend to file a registration statement on Form S-8 under the Securities Act following this offering to register all of the shares of common stock issued or reserved for issuance under our stock option plans. We expect to file this registration statement as soon as practicable after this offering. Shares covered by this registration statement will be eligible for sale in the public market, upon the expiration or release from the terms of the lock-up agreements, and subject to vesting of such shares.

MATERIAL UNITED STATES FEDERAL INCOME TAX CONSEQUENCES TO NON-U.S. HOLDERS

The following is a summary of the material U.S. federal income tax consequences of the ownership and disposition of our common stock to non-U.S. holders, but does not purport to be a complete analysis of all the potential tax considerations relating thereto. This summary is based upon the provisions of the Internal Revenue Code, Treasury regulations promulgated thereunder, administrative rulings and judicial decisions, all as of the date hereof. These authorities may be changed, possibly retroactively, so as to result in U.S. federal income tax consequences different from those set forth below. We have not sought any ruling from the Internal Revenue Service, or the IRS, with respect to the statements made and the conclusions reached in the following summary, and there can be no assurance that the IRS will agree with such statements and conclusions.

This summary does not address the tax considerations arising under the laws of any foreign, state or local jurisdiction. Except to the limited extent below, this summary does not address tax considerations arising under estate or gift tax laws. In addition, this discussion does not address tax considerations applicable to an investor's particular circumstances or to investors that may be subject to special tax rules, including, without limitation:

- banks, insurance companies or other financial institutions;
- persons subject to the alternative minimum tax;
- tax-exempt organizations;
- dealers in securities or currencies;
- traders in securities that elect to use a mark-to-market method of accounting for their securities holdings;
- persons that own, or are deemed to own, more than five percent of our capital stock (except to the extent specifically set forth below);
- certain former citizens or long-term residents of the United States;
- persons who hold our common stock as a position in a hedging transaction, "straddle," "conversion transaction" or other risk reduction transaction; or
- persons deemed to sell our common stock under the constructive sale provisions of the Internal Revenue Code.

In addition, if a partnership (including any other entity classified as a partnership for U.S. federal income tax purposes) holds our common stock, the tax treatment of a partner generally will depend on the status of the partner and upon the activities of the partnership. Accordingly, this summary does not address tax considerations applicable to partnerships that hold our common stock, and partners in such partnerships should consult their tax advisors.

YOU ARE URGED TO CONSULT YOUR TAX ADVISOR WITH RESPECT TO THE APPLICATION OF THE UNITED STATES FEDERAL INCOME TAX LAWS TO YOUR PARTICULAR SITUATION, AS WELL AS ANY TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF OUR COMMON STOCK ARISING UNDER THE UNITED STATES FEDERAL ESTATE OR GIFT TAX RULES OR UNDER THE LAWS OF ANY STATE, LOCAL, FOREIGN OR OTHER TAXING JURISDICTION OR UNDER ANY APPLICABLE TAX TREATY.

Non-U.S. Holder Defined

For purposes of this discussion, you are a non-U.S. holder if you are any holder, other than:

- an individual citizen or resident of the United States;

- a corporation or other entity taxable as a corporation, created or organized in the United States or under the laws of the United States or any political subdivision thereof;
- an estate whose income is subject to U.S. federal income tax regardless of its source; or
- a trust (x) whose administration is subject to the primary supervision of a U.S. court and which has one or more U.S. persons who have the authority to control all substantial decisions of the trust or (y) which has made an election to be treated as a U.S. person.

If you are an individual, you may, in many cases, be deemed to be a resident alien, as opposed to a nonresident alien, by virtue of being present in the United States for at least 31 days in the calendar year and for an aggregate of at least 183 days during a three-year period ending in the current calendar year. For these purposes, all the days present in the current year, one-third of the days present in the immediately preceding year, and one-sixth of the days present in the second preceding year are counted. Resident aliens are subject to U.S. federal income tax as if they were U.S. citizens. Such an individual is urged to consult his or her own tax advisor regarding U.S. federal income tax consequences of the ownership of our common stock.

Distributions

We have not made any distributions on our common stock, and we do not plan to make any distributions for the foreseeable future. However, if we do make distributions on our common stock, those payments will constitute dividends for U.S. tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. To the extent those distributions exceed both our current and our accumulated earnings and profits, they will constitute a return of capital and will first reduce your basis in our common stock, but not below zero, and then will be treated as gain from the sale of stock.

Any dividend paid to you generally will be subject to U.S. withholding tax either at a rate of 30% of the gross amount of the dividend or such lower rate as may be specified by an applicable income tax treaty. Generally, in order for us or our paying agent to withhold tax at a lower treaty rate, a non-U.S. holder must certify its entitlement to treaty benefits. A non-U.S. holder generally can meet this certification requirement by providing a Form W-8BEN (or any successor form) or appropriate substitute form to us or our paying agent. If the holder holds the stock through a financial institution or other agent acting on the holder's behalf, the holder will be required to provide appropriate documentation to the agent. The holder's agent will then be required to provide certification to us or our paying agent, either directly or through other intermediaries. For payments made to a foreign partnership or other pass-through entity, the certification requirements generally apply to the partners or other owners rather than to the partnership or other entity, and the partnership or other entity must provide the partners' or other owners' documentation to us or our paying agent.

Dividends received by you that are effectively connected with your conduct of a U.S. trade or business are exempt from such withholding tax. In order to obtain this exemption, you must provide us with an applicable IRS form W-8 (generally Form W-8ECI) properly certifying such exemption. Such effectively connected dividends, although not subject to withholding tax, are taxed at the same graduated rates applicable to U.S. persons, net of certain deductions and credits subject to an applicable income tax treaty providing otherwise. In addition, if you are a corporate non-U.S. holder, that portion of your earnings and profits that is effectively connected with your conduct of a U.S. trade or business, subject to certain adjustments, may also be subject to a branch profits tax at a rate of 30% or such lower rate as may be specified by an applicable income tax treaty.

If you are eligible for a reduced rate of withholding tax pursuant to a tax treaty, you may obtain a refund of any excess amounts currently withheld if you timely file an appropriate claim for refund with the IRS.

Gain on Disposition of Common Stock

You generally will not be subject to U.S. federal income tax on any gain realized upon the sale or other disposition of our common stock unless:

- the gain is effectively connected with your conduct of a U.S. trade or business (and, if an income tax treaty applies, the gain is attributable to a permanent establishment maintained by you in the United States);
- you are an individual who holds our common stock as a capital asset (generally, an asset held for investment purposes) and who is present in the United States for a period or periods aggregating 183 days or more during the calendar year in which the sale or disposition occurs and certain other conditions are met; or
- our common stock constitutes a U.S. real property interest by reason of our status as a "United States real property holding corporation" for U.S. federal income tax purposes, or a USRPHC, at any time within the shorter of the five-year period preceding the disposition or your holding period for our common stock.

We believe that we are not currently and will not become a USRPHC. However, because the determination of whether we are a USRPHC depends on the fair market value of our U.S. real property relative to the fair market value of our other business assets, there can be no assurance that we will not become a USRPHC in the future. Even if we become a USRPHC, however, as long as our common stock is regularly traded on an established securities market, such common stock will be treated as a U.S. real property interest only if you actually or constructively hold more than five percent of such regularly traded common stock at any time during the applicable period that is specified in the Internal Revenue Code.

If you are a non-U.S. holder described in the first bullet above, you will generally be required to pay tax on the net gain derived from the sale under regular graduated U.S. federal income tax rates, and corporate non-U.S. holders described in the first bullet above may be subject to the additional branch profits tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty. If you are an individual non-U.S. holder described in the second bullet above, you will be required to pay a flat 30% tax on the gain derived from the sale, which tax may be offset by U.S. source capital losses (even though you are not considered a resident of the United States). You should consult any applicable income tax or other treaties that may provide for different rules.

Federal Estate Tax

Our common stock that is held by an individual non-U.S. holder at the time of death will be included in such holder's gross estate for U.S. federal estate tax purposes, unless an applicable estate tax treaty provides otherwise.

Backup Withholding and Information Reporting

Generally, we must report annually to the IRS the amount of dividends paid to you, your name and address, and the amount of tax withheld, if any. A similar report will be sent to you. Pursuant to applicable income tax treaties or other agreements, the IRS may make these reports available to tax authorities in your country of residence.

Payments of dividends or of proceeds on the disposition of stock made to you may be subject to additional information reporting and backup withholding (currently at a rate of 28%) unless you establish an exemption, for example by properly certifying your non-U.S. status on a Form W-8BEN or another appropriate version of IRS Form W-8. Notwithstanding the foregoing, backup withholding and information reporting may apply if either we or our paying agent has actual knowledge, or reason to know, that you are a U.S. person.

Backup withholding is not an additional tax; rather, the U.S. income tax liability of persons subject to backup withholding will be reduced by the amount of tax withheld. If withholding results in an overpayment of taxes, a refund or credit may be obtained, provided that the required information is furnished to the IRS in a timely manner.

THE PRECEDING DISCUSSION OF UNITED STATES FEDERAL TAX CONSIDERATIONS IS FOR GENERAL INFORMATION ONLY. IT IS NOT TAX ADVICE. EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN TAX ADVISOR REGARDING THE PARTICULAR UNITED STATES FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF PURCHASING, HOLDING AND DISPOSING OF OUR COMMON STOCK, INCLUDING THE CONSEQUENCES OF ANY PROPOSED CHANGE IN APPLICABLE LAWS.

UNDERWRITERS

Under the terms and subject to the conditions contained in an underwriting agreement dated the date of this prospectus, the underwriters named below, for whom Morgan Stanley & Co. Incorporated, J.P. Morgan Securities Inc. and Deutsche Bank Securities Inc. are serving as the representatives, have severally agreed to purchase, and we and the selling stockholders have agreed to sell to them, severally, the number of shares indicated below:

Underwriter	Number of Shares
Morgan Stanley & Co. Incorporated	
J.P. Morgan Securities Inc.	
Deutsche Bank Securities Inc.	
Robert W. Baird & Co. Incorporated	
RBC Capital Markets Corporation	
ThinkEquity LLC	
JMP Securities LLC	
Signal Hill Capital Group LLC	
Total	

The underwriters and the representatives are collectively referred to as the “underwriters” and the “representatives,” respectively. The underwriters are offering the shares of common stock subject to their acceptance of the shares from us and the selling stockholders and subject to prior sale. The underwriting agreement provides that the obligations of the several underwriters to pay for and accept delivery of the shares of common stock offered by this prospectus are subject to the approval of certain legal matters by their counsel and to certain other conditions. The underwriters are obligated to take and pay for all of the shares of common stock offered by this prospectus if any such shares are taken. However, the underwriters are not required to take or pay for the shares covered by the underwriters’ over-allotment option described below. If an underwriter defaults, the underwriting agreement provides that the purchase commitments of the non-defaulting underwriters may be increased.

The underwriters initially propose to offer part of the shares of common stock directly to the public at the initial public offering price listed on the cover page of this prospectus and part to certain dealers at a price that represents a concession not in excess of $ a share under the initial public offering price. Any underwriter may allow a concession not in excess of $ a share to other underwriters or to certain dealers. After the initial offering of the shares of common stock, the offering price and other selling terms may from time to time be varied by the representatives.

We and the selling stockholders have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus, to purchase up to an aggregate of additional shares of our common stock at the initial public offering price listed on the cover page of this prospectus, less underwriting discounts and commissions. The underwriters may exercise this option solely for the purpose of covering over-allotments, if any, made in connection with the offering of the shares of common stock offered by this prospectus. To the extent the option is exercised, each underwriter will become obligated, subject to certain conditions, to purchase about the same percentage of the additional shares of common stock as the number listed next to the underwriter’s name in the preceding table bears to the total number of shares of common stock listed next to the names of all underwriters in the preceding table. If the underwriters’ option is exercised in full, the total price to the public would be $, the total underwriters’ discounts and commissions paid by us and the selling stockholders would be $ and $, respectively, and the total proceeds to us and the selling stockholders would be $ and $, respectively.

The following table shows the per share and total underwriting discounts and commissions that we and the selling stockholders are to pay to the underwriters in connection with this offering. These amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase additional shares of our common stock.

	Per Share		Total	
	No Exercise	Full Exercise	No Exercise	Full Exercise
Underwriting discounts and commissions paid by us	$	$	$	$
Underwriting discounts and commissions paid by the selling stockholders	$	$	$	$
Total	$	$	$	$

The expenses of this offering payable by us, not including underwriting discounts and commissions, are estimated to be approximately $, which includes legal, accounting and printing costs and various other fees associated with the registration and listing of our common stock. The underwriters have agreed to reimburse us for a portion of our expenses.

The underwriters have informed us and the selling stockholders that they do not intend sales to discretionary accounts to exceed five percent of the total number of shares of common stock offered by them.

Application has been made to have our common stock approved for quotation on the under the symbol " ."

We, the selling stockholders, all of our directors and officers and the holders of approximately % of our outstanding stock on a fully diluted basis immediately prior to this offering have agreed that, subject to certain exceptions, without the prior written consent of Morgan Stanley & Co. Incorporated and J.P. Morgan Securities Inc. on behalf of the underwriters, we and they will not, during the period ending 180 days after the date of this prospectus:

- offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any shares of common stock or any securities convertible into or exercisable or exchangeable for common stock;
- enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the common stock; or
- file any registration statement with the SEC relating to the offering of any shares of common stock or any securities convertible into or exercisable or exchangeable for common stock;

whether any such transaction described in the first two bullet points above is to be settled by delivery of common stock or such other securities, in cash or otherwise. In addition, we and each such person agrees that, without the prior written consent of Morgan Stanley & Co. Incorporated and J.P. Morgan Securities Inc. on behalf of the underwriters, it will not, during the period ending 180 days after the date of this prospectus, make any demand for, or exercise any right with respect to, the registration of any shares of common stock or any security convertible into or exercisable or exchangeable for common stock.

Subject to certain exceptions, the lock-up restrictions described in the immediately preceding paragraph do not apply to us or the holders referenced above, as follows:

- the sale of shares to the underwriters;
- the issuance by us of shares of common stock upon the exercise of an option or warrant or the conversion of a security outstanding on the date of this prospectus of which the underwriters have been advised in writing;
- transactions by such holders relating to shares of common stock or other securities acquired in open market transactions after the completion of the offering of the shares;

- receipt by such holders of our stock or stock options upon the exercise of an option or warrant or in connection with the vesting of restricted stock or restricted stock units, or the disposition of shares of common stock to us in a transaction exempt from Section 16(b) of the Exchange Act solely in connection with the payment of taxes due;
- the establishment of a trading plan pursuant to Rule 10b5-1 under the Exchange Act for the transfer of shares of our common stock, provided that such plan does not provide for the transfer of common stock during this 180-day restricted period and that the establishment of such plan will not result in any public filing or other public announcement of such plan by us or such holders during this 180-day restricted period;
- the issuance of shares of common stock (including shares issuable in respect of securities convertible into or exercisable for common stock) in connection with acquisitions or joint ventures, provided that the number of shares issuable pursuant to this exception shall not exceed 20% of the shares being sold in this offering;
- transfers of common stock or any security convertible into common stock by such holders to immediate relatives of the transferor, to a trust of which the transferor or his or her immediate relatives are the only beneficiaries, to a corporation or other entity of which the transferor or his or her immediate relatives are at all times the direct or indirect legal and beneficial owners, or to a partnership, the partners of which are exclusively the transferor or his or her immediate relatives;
- distributions by such holders of shares of common stock or any security convertible into common stock to limited partners or equity holders of the transferor; or
- transfers of shares of common stock or any security convertible into common stock by such holders as a bona fide gift;

provided that in the case of each of the last four types of transactions, each donee, distributee, transferee and recipient agrees to be subject to the restrictions described in the preceding paragraph and in the case of each of the last three types of transactions, no filing under Section 16(a) of the Securities Exchange Act of 1934, as amended, is required or voluntarily made in connection with these transactions during this 180-day restricted period.

The 180-day restricted period described in the preceding paragraphs will be extended if:

- during the last 17 days of the 180-day restricted period, we issue an earnings release or material news or a material event relating to our company occurs; or
- prior to the expiration of the 180-day restricted period, we announce that we will release earnings results during the 16-day period beginning on the last day of the 180-day period;

in which case the restrictions described in the preceding paragraphs will continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event.

In order to facilitate this offering of the common stock, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the common stock. Specifically, the underwriters may sell more shares than they are obligated to purchase under the underwriting agreement, creating a short position. A short sale is covered if the short position is no greater than the number of shares available for purchase by the underwriters under the over-allotment option. The underwriters can close out a covered short sale by exercising the over-allotment option or purchasing shares in the open market. In determining the source of shares to close out a covered short sale, the underwriters will consider, among other things, the open market price of shares compared to the price available under the over-allotment option. The underwriters may also sell shares in excess of the over-allotment option, creating a naked short position. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common stock in the open market after pricing that could adversely affect investors who purchase in this offering. In addition, to stabilize

the price of the common stock, the underwriters may bid for, and purchase, shares of common stock in the open market. Finally, the underwriting syndicate may reclaim selling concessions allowed to an underwriter or a dealer for distributing the common stock in this offering, if the syndicate repurchases previously distributed common stock to cover syndicate short positions or to stabilize the price of the common stock. These activities may raise or maintain the market price of the common stock above independent market levels or prevent or retard a decline in the market price of the common stock. The underwriters are not required to engage in these activities and may end any of these activities at any time.

We, the selling stockholders and the underwriters have agreed to indemnify each other against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make in connection with such liabilities.

A prospectus in electronic format may be made available on the websites maintained by one or more underwriters. The underwriters may agree to allocate a number of shares to underwriters for sale to their online brokerage account holders. Internet distributions will be allocated by Morgan Stanley & Co. Incorporated to underwriters that may make Internet distributions on the same basis as other allocations.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive, from and including the date on which the Prospectus Directive is implemented in that Member State, each representative and underwriter has not made and will not make an offer of our common stock to the public in that Member State, except that it may, with effect from and including such date, make an offer of our common stock to the public in that Member State:

- at any time to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
- at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or
- at any time in any other circumstances which do not require the publication by us of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of the above, the expression an “offer of our common stock to the public” in relation to any shares of common stock in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the common stock to be offered so as to enable an investor to decide to purchase or subscribe shares of the common stock, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, and the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in that Member State.

United Kingdom

Each representative and underwriter has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of shares of the common stock in circumstances in which Section 21(1) of such Act does not apply to us and it has complied and will comply with all applicable provisions of such Act with respect to anything done by it in relation to any shares of the common stock in, from or otherwise involving the United Kingdom.

Pricing of the Offering

Prior to this offering, there has been no public market for our common stock. The initial public offering price will be determined by negotiations among us, the selling stockholders and the representatives of the underwriters. Among the factors to be considered in determining the initial public offering price will be our future prospects and those of our industry in general, our sales, earnings and certain other financial and operating information in recent periods, and the price earnings ratios, price sales ratios and market prices of securities and certain financial and operating information of companies engaged in activities similar to ours. The estimated initial public offering price range set forth on the cover page of this preliminary prospectus is subject to change as a result of market conditions and other factors.

Other Relationships

Certain of the underwriters and their respective affiliates may in the future perform various financial advisory services for us.

LEGAL MATTERS

The validity of the shares of common stock offered hereby will be passed upon for us by Wilson Sonsini Goodrich & Rosati, Professional Corporation, Palo Alto, California. Davis Polk & Wardwell LLP, Menlo Park, California, is acting as counsel to the underwriters.

EXPERTS

The consolidated financial statements of Fortinet, Inc. and subsidiaries as of December 30, 2007 and December 28, 2008 and for each of the three years in the period ended December 28, 2008 included in this prospectus and the related financial statement schedule included elsewhere in the registration statement have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report appearing herein, and are included in reliance upon such report given on their authority as experts in accounting and auditing.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act with respect to the shares of common stock offered hereby. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement or the exhibits and schedules filed therewith. For further information about us and the common stock offered hereby, we refer you to the registration statement and the exhibits and schedules filed thereto. Statements contained in this prospectus regarding the contents of any contract or any other document that is filed as an exhibit to the registration statement are not necessarily complete, and each such statement is qualified in all respects by reference to the full text of such contract or other document filed as an exhibit to the registration statement. Following this offering, we will be required to file periodic reports, proxy statements, and other information with the SEC pursuant to the Securities Exchange Act of 1934. You may read and copy this information at the Public Reference Room of the SEC, 100 F Street, N.E., Room 1580, Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains a website that contains reports, proxy statements and other information about issuers, like us, that file electronically with the SEC. The address of that site is www.sec.gov.

FORTINET, INC.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Fortinet, Inc.
Sunnyvale, California

We have audited the accompanying consolidated balance sheets of Fortinet, Inc. and subsidiaries (the "Company") as of December 30, 2007 and December 28, 2008, and the related consolidated statements of operations, stockholders' equity and comprehensive income (loss), and cash flows for each of the three years in the period ended December 28, 2008. Our audits also included the financial statement schedule listed in the Index to Consolidated Financial Statements on page F-1. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 30, 2007 and December 28, 2008, and the results of its operations and its cash flows for each of the three years in the period ended December 28, 2008, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

/s/ Deloitte & Touche LLP

San Jose, California
March 16, 2009

FORTINET, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(in thousands, except per share amounts)

	December 30, 2007	December 28, 2008	June 28, 2009	Pro Forma June 28, 2009
			(unaudited)	
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	$ 71,411	$ 56,571	$ 51,819	$ 51,819
Short-term investments	18,750	67,619	84,603	84,603
Accounts receivable, net of allowance for doubtful accounts of $384, $318 and $443 at December 30, 2007, December 28, 2008 and June 28, 2009, respectively	27,478	46,043	43,543	43,543
Inventory	14,020	11,419	9,805	9,805
Deferred tax asset	301	69	73	73
Prepaid expenses and other current assets	2,636	3,270	4,986	4,986
Total current assets	134,596	184,991	194,829	194,829
PROPERTY AND EQUIPMENT—Net	2,943	3,425	5,703	5,703
DEFERRED COST OF REVENUES	7,401	8,631	9,025	9,025
OTHER ASSETS	252	2,058	1,011	1,011
TOTAL ASSETS	$ 145,192	$ 199,105	$ 210,568	$ 210,568
LIABILITIES AND STOCKHOLDERS' DEFICIT				
CURRENT LIABILITIES:				
Accounts payable	$ 8,460	$ 7,004	$ 7,737	$ 7,737
Accrued liabilities	12,668	12,128	11,921	11,921
Accrued payroll and compensation	10,071	12,839	12,852	12,852
Deferred revenue—Current	89,618	118,297	130,688	130,688
Income tax payable	917	—	—	—
Total current liabilities	121,734	150,268	163,198	163,198
DEFERRED REVENUE—Noncurrent	41,637	53,320	54,381	54,381
OTHER NON-CURRENT LIABILITIES	746	746	798	798
Total liabilities	164,117	204,334	218,377	218,377
COMMITMENTS AND CONTINGENCIES (Note 9)				
STOCKHOLDERS' DEFICIT:				
Convertible preferred stock, $0.001 par value — 40,500 shares authorized; 40,480, 40,480 and 37,476 shares issued and outstanding at December 30, 2007, December 28, 2008 and June 28, 2009, respectively; liquidation preference of $95,400, $95,400 and $91,981 at December 30, 2007, December 28, 2008 and June 28, 2009, respectively	94,368	94,368	81,600	—
Common stock, $0.001 par value — 82,000 shares authorized; 19,277, 20,720 and 21,341 shares issued and 19,277, 20,720 and 20,637 shares outstanding at December 30, 2007, December 28, 2008 and June 28, 2009, respectively; 58,817 shares issued and 58,113 shares outstanding pro forma	20	21	21	58
Additional paid-in-capital	13,418	20,833	25,172	106,735
Treasury stock—common	—	—	(2,995)	(2,995)
Accumulated other comprehensive income (loss)	783	(300)	194	194
Accumulated deficit	(127,514)	(120,151)	(111,801)	(111,801)
Total stockholders' deficit	(18,925)	(5,229)	(7,809)	(7,809)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	$ 145,192	$ 199,105	$ 210,568	$ 210,568

See notes to consolidated financial statements.

FORTINET, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per share amounts)

	Years Ended			Six Months Ended	
	December 31, 2006	December 30, 2007	December 28, 2008	June 29, 2008	June 28, 2009
				(unaudited)	
REVENUE:					
Product	$ 59,469	$ 70,131	$ 94,587	$44,779	$ 43,777
Services	39,590	74,152	105,292	47,767	65,046
Ratable product and services	24,407	11,083	11,912	5,765	6,716
Total revenue	123,466	155,366	211,791	98,311	115,539
COST OF REVENUE:					
Product	24,166	35,948	41,397	19,791	18,621
Services	9,496	15,941	19,441	9,767	10,405
Ratable product and services	7,302	4,763	4,634	2,220	2,607
Total cost of revenue	40,964	56,652	65,472	31,778	31,633
GROSS PROFIT:					
Product	35,303	34,183	53,190	24,988	25,156
Services	30,094	58,211	85,851	38,000	54,641
Ratable product and services	17,105	6,320	7,278	3,545	4,109
Total gross profit	82,502	98,714	146,319	66,533	83,906
OPERATING EXPENSES:					
Research and development	21,446	27,588	37,035	18,229	20,410
Sales and marketing	54,056	72,159	87,717	44,466	46,104
General and administrative	12,997	20,544	16,640	8,404	9,188
Total operating expenses	88,499	120,291	141,392	71,099	75,702
OPERATING INCOME (LOSS)	(5,997)	(21,577)	4,927	(4,566)	8,204
INTEREST INCOME	2,376	3,507	2,614	1,277	1,249
OTHER INCOME (EXPENSE)—Net	(503)	(1,991)	1,710	(704)	212
INCOME (LOSS) BEFORE INCOME TAXES	(4,124)	(20,061)	9,251	(3,993)	9,665
PROVISION FOR INCOME TAXES	1,220	1,781	1,888	1,094	1,315
NET INCOME (LOSS)	$ (5,344)	$ (21,842)	$ 7,363	$ (5,087)	$ 8,350
PREMIUM PAID ON REPURCHASE OF CONVERTIBLE PREFERRED STOCK	—	—	—	—	(9,266)
NET INCOME (LOSS) ATTRIBUTABLE TO COMMON STOCKHOLDERS	$ (5,344)	$ (21,842)	$ 7,363	$ (5,087)	$ (916)
Net income (loss) per share attributable to common stockholders:					
Basic	$ (0.28)	$ (1.13)	$ 0.37	$ (0.26)	$ (0.04)
Diluted	$ (0.28)	$ (1.13)	$ 0.11	$ (0.26)	$ (0.04)
Weighted-average shares outstanding:					
Basic	18,861	19,276	20,017	19,578	20,770
Diluted	18,861	19,276	67,122	19,578	20,770
Pro forma net income (loss) per share attributable to common stockholders (unaudited):					
Basic			$ 0.13		$ (0.02)
Diluted			$ 0.11		$ (0.02)
Pro forma weighted-average shares outstanding used in calculating net income (loss) per share (unaudited):					
Basic			57,493		58,246
Diluted			67,122		58,246

See notes to consolidated financial statements.

FORTINET, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT AND COMPREHENSIVE LOSS
FOR THE YEARS ENDED DECEMBER 31, 2006, DECEMBER 30, 2007, DECEMBER 28, 2008 and FOR THE SIX MONTHS ENDED JUNE 28, 2009 (UNAUDITED)
(in thousands)

	Convertible Preferred Stock		Common Stock		Treasury Stock		Additional Paid-In-Capital	Accumulated Other Comprehensive Income (loss)	Accumulated Deficit	Total Stockholders' Deficit	Comprehensive Income (loss)
	Shares	Amount	Shares	Amount	Shares	Amount					
BALANCE—January 1, 2006	40,480	$ 94,368	18,546	$ 19	—	$ —	$ 1,918	$ —	$ (100,328)	$ (4,023)	
Repurchase of common shares	—	—	(57)	—	—	—	(60)	—	—	(60)	
Exercise of stock options	—	—	769	1	—	—	891	—	—	892	
Vesting of stock options exercised previously reported as a deposit	—	—	—	—	—	—	111	—	—	111	
Stock-based compensation	—	—	—	—	—	—	1,207	—	—	1,207	
Net loss and comprehensive loss	—	—	—	—	—	—	—	—	(5,344)	(5,344)	$ (5,344)
BALANCE—December 31, 2006	40,480	94,368	19,258	20	—	—	4,067	—	(105,672)	(7,217)	
Exercise of stock options	—	—	19	—	—	—	19	—	—	19	
Stock-based compensation	—	—	—	—	—	—	9,332	—	—	9,332	
Net change in cumulative translation adjustments	—	—	—	—	—	—	—	783	—	783	$ 783
Net loss	—	—	—	—	—	—	—	—	(21,842)	(21,842)	(21,842)
Comprehensive loss	—	—	—	—	—	—	—	—	—	—	$ (21,059)
BALANCE—December 30, 2007	40,480	94,368	19,277	20	—	—	13,418	783	(127,514)	(18,925)	
Exercise of stock options	—	—	1,443	1	—	—	2,116	—	—	2,117	
Stock-based compensation	—	—	—	—	—	—	5,299	—	—	5,299	
Net unrealized gain on investments—net of taxes	—	—	—	—	—	—	—	65	—	65	$ 65
Net change in cumulative translation adjustments	—	—	—	—	—	—	—	(1,148)	—	(1,148)	(1,148)
Net income	—	—	—	—	—	—	—	—	7,363	7,363	7,363
Comprehensive income	—	—	—	—	—	—	—	—	—	—	$ 6,280
BALANCE—December 28, 2008	40,480	94,368	20,720	21	—	—	20,833	(300)	(120,151)	(5,229)	
Repurchase of preferred shares*	(3,004)	(12,768)	—	—	—	—	—	—	—	(12,768)	
Repurchase of common shares*	—	—	—	—	704	(2,995)	—	—	—	(2,995)	
Exercise of stock options*	—	—	521	—	—	—	834	—	—	834	
Proceeds from issuance of common stock*	—	—	100	—	—	—	162	—	—	162	
Stock-based compensation*	—	—	—	—	—	—	3,343	—	—	3,343	
Net unrealized gain on investments—net of taxes*	—	—	—	—	—	—	—	511	—	511	$ 511
Net change in cumulative translation adjustment*	—	—	—	—	—	—	—	(17)	—	(17)	(17)
Net income*	—	—	—	—	—	—	—	—	8,350	8,350	8,350
Comprehensive income*	—	—	—	—	—	—	—	—	—	—	$ 8,844
BALANCE—June 28, 2009*	37,476	$ 81,600	21,341	$ 21	704	$ (2,995)	$ 25,172	$ 194	$ (111,801)	$ (7,809)	

* Unaudited

See notes to consolidated financial statements.

FORTINET, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Years Ended			Six Months Ended	
	December 31, 2006	December 30, 2007	December 28, 2008	June 29, 2008	June 28, 2009
				(unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES:					
Net income (loss)	$ (5,344)	$ (21,842)	$ 7,363	$ (5,087)	$ 8,350
Adjustments to reconcile net income (loss) to net cash provided by operating activities:					
Depreciation and amortization	3,509	4,153	4,234	2,091	2,847
Write-off of intangible asset	—	—	—	—	631
Issuance of common stock in exchange for services	39	—	—	—	—
Amortization of interest expense	—	—	41	(14)	456
Stock-based expense	1,207	9,332	5,299	2,422	3,343
Changes in operating assets and liabilities:					
Accounts receivable—net	(2,329)	(2,268)	(18,350)	(5,366)	2,500
Inventory	(5,801)	(6,597)	(189)	209	(69)
Deferred cost of revenues	2,113	(1,800)	(1,231)	(1,400)	(394)
Prepaid expenses and other current assets	35	(1,226)	(214)	913	(437)
Deferred tax assets	—	(286)	205	(324)	—
Other assets	(85)	272	(80)	(426)	138
Accounts payable	1,936	970	(1,864)	1,908	623
Accrued liabilities	1,327	5,788	(780)	(2,351)	(163)
Accrued payroll and compensation	2,229	2,846	5,030	2,154	(194)
Accrued patent dispute	(15,000)	—	—	—	—
Deferred revenue	18,872	37,875	40,363	21,924	13,451
Income taxes payable	701	452	(2,141)	(810)	(1,189)
Net cash provided by operating activities	3,409	27,669	37,686	15,843	29,893
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchase of property and equipment	(1,187)	(2,028)	(2,798)	(1,194)	(3,011)
Purchase of short-term investments	(28,850)	(30,050)	(80,588)	(5,002)	(84,059)
Maturities and sales of short-term investments	51,400	29,750	31,742	18,750	66,688
Payments made in connection with business acquisition, net	—	—	(2,000)	(1,000)	—
Other	100	—	(62)	—	—
Net cash provided by (used in) investing activities	21,463	(2,328)	(53,706)	11,554	(20,382)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Proceeds from exercise of stock options	853	19	2,117	1,191	996
Repurchase of preferred stock	—	—	—	—	(12,768)
Repurchase of common stock	(60)	—	—	—	(2,995)
Net cash provided by (used in) financing activities	793	19	2,117	1,191	(14,767)
EFFECT OF EXCHANGE RATES ON CASH AND CASH EQUIVALENTS	—	460	(937)	(148)	504
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	25,665	25,820	(14,840)	28,440	(4,752)
CASH AND CASH EQUIVALENTS—Beginning of period	19,926	45,591	71,411	71,411	56,571
CASH AND CASH EQUIVALENTS—End of period	$ 45,591	$ 71,411	$ 56,571	$ 99,851	$ 51,819
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:					
Cash paid for taxes	$ 867	$ 1,227	$ 3,615	$ 4,602	$ 3,491
NONCASH INVESTING AND FINANCING ACTIVITIES:					
Purchase of property and equipment not yet paid	$ 357	$ 23	$ 67	$ 162	$ 77

See notes to consolidated financial statements.

FORTINET, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2006, DECEMBER 30, 2007 AND DECEMBER 28, 2008
AND THE UNAUDITED SIX MONTHS ENDED JUNE 29, 2008 AND JUNE 28, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business—Fortinet, Inc. ("Fortinet") was incorporated in Delaware in October 2000 and is a leading provider of network security appliances and Unified Threat Management (UTM) network security solutions to enterprises, service providers and government entities worldwide. Fortinet's solutions are designed to integrate multiple levels of security protection, including firewall, virtual private networking, antivirus, intrusion prevention, web filtering, antispam and WAN acceleration.

Principles of Consolidation—The consolidated financial statements include the accounts of Fortinet and its wholly owned subsidiaries (collectively, the "Company," "we," "us" or "our"). All intercompany transactions and balances have been eliminated in consolidation. During the 2005 fiscal year, the Company adopted a 52 to 53-week year ending on the Sunday closest to December 31 of each year.

Use of Estimates—The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Such management estimates include implicit service periods for revenue recognition, litigation and settlement costs and other loss contingencies, sales returns and allowances, reserve for bad debt, inventory write-offs, reserve for warranty costs, valuation of deferred tax assets, and tangible and intangible assets. The Company bases its estimates on historical experience and also on assumptions that it believes are reasonable. Actual results could differ from those estimates.

Unaudited Interim Financial Information—The accompanying consolidated balance sheet as of June 28, 2009, the consolidated statements of operations and of cash flows for the six months ended June 29, 2008 and June 28, 2009 and the consolidated statement of stockholders' deficit and comprehensive income (loss) for the six months ended June 28, 2009 are unaudited. The unaudited interim financial statements have been prepared on the same basis as the annual consolidated statements and, in the opinion of management, reflect all adjustments, which include only normal recurring adjustments, necessary to present fairly the Company's financial position and results of operations and cash flows for the six months ended June 29, 2008 and June 28, 2009. The financial data and the other information disclosed in these notes to the consolidated financial statements related to the six-month periods are unaudited. In 2009, the Company intends to convert to a calendar year which ends on December 31, 2009. The results of the six months ended June 28, 2009 are not necessarily indicative of the results to be expected for the fiscal year ending 2009 or for any other interim period or for any other future year.

Unaudited Pro Forma Consolidated Balance Sheet—Upon the consummation of the initial public offering contemplated by the Company, all of the outstanding shares of convertible preferred stock will automatically convert into shares of common stock. The June 28, 2009 unaudited pro forma consolidated balance sheet data has been prepared assuming the conversion of the convertible preferred stock outstanding into 37,475,835 shares of common stock.

Certain Significant Risks and Uncertainties—The Company is subject to certain risks and uncertainties that could have a material adverse effect on the Company's future financial position or results of operations, such as the following: changes in level of demand for our products and services, seasonality, the timing of new product introductions, price and sales competition and our ability to adapt to changing market conditions and dynamics, changes in the expenses caused, for example, by fluctuations in foreign currency exchange rates,

management of inventory, internal control over financial reporting, market acceptance of our new products and services, demand for UTM products and services in general, failure of our channel partners to perform, the quality of our products and services, general economic conditions, challenges in doing business outside of the United States of America, changes in customer relationships, litigation, or claims against the Company based on intellectual property, patent, product regulatory or other factors (see Note 9), product obsolescence, and the ability of the Company to attract and retain qualified employees.

The Company relies on sole suppliers and independent contract manufacturers for certain of its components and one third-party logistics company for certain distribution of its products. The inability of any of these parties to fulfill supply and logistics requirements of Fortinet could negatively impact future operating results.

Concentration of Credit Risk—Financial instruments that subject the Company to concentrations of credit risk consist primarily of cash, cash equivalents, short-term investments, and accounts receivable. Fortinet maintains its cash and cash equivalents in fixed income securities with major financial institutions, which management assesses to be of high credit quality, in order to limit the exposure of each investment. Deposits held with banks may exceed the amount of insurance provided on such deposits.

Credit risk with respect to accounts receivable in general is diversified due to the number of different entities comprising the Company's customer base and their location throughout the world. The Company performs ongoing credit evaluations of its customers and generally does not require collateral on accounts receivable. The Company maintains reserves for estimated potential credit losses.

At December 30, 2007 and December 28, 2008, one distributor customer accounted for 13% and 18%, respectively, of net accounts receivable.

During the years ended December 30, 2007 and December 28, 2008, one distributor customer accounted for 12% of total net revenues for each fiscal year.

Fair Value of Financial Instruments—Financial Accounting Standards Board (FASB) Statement No. 107, *Disclosures about Fair Value of Financial Instruments*, requires disclosure of fair value information about financial instruments, whether or not recognized in the balance sheet, for which it is practicable to estimate that value. Due to their short-term nature, the carrying amounts reported in the consolidated financial statements approximate the fair value for cash and cash equivalents, accounts receivable, and accounts payable.

Comprehensive Income (Loss)—FASB Statement No. 130, *Reporting Comprehensive Income*, establishes standards for reporting and displaying of comprehensive income (loss) and its components. Comprehensive income (loss) includes certain changes in equity that are excluded from net income (loss). Specifically, cumulative foreign currency translation adjustments and unrealized gains and losses are included in accumulated other comprehensive income (loss). Comprehensive income (loss) has been reflected in the consolidated statements of stockholders' deficit and comprehensive income (loss).

Foreign Currency Translation—Assets and liabilities of foreign subsidiaries are translated into U.S. dollars using the exchange rates in effect at the balance sheet dates and revenue and expenses are translated using average exchange rates during the period. Cumulative foreign translation adjustments for the year ended December 28, 2008 are recorded in accumulated other comprehensive income (loss). Foreign currency transaction gains and (losses) of $(503,000), $(2.0) million and $1.4 million are included in other income (expense), net for the years ended December 31, 2006, December 30, 2007 and December 28, 2008, respectively.

Cash, Cash Equivalents and Short-Term Investments—The Company considers all highly liquid investments, purchased with original maturities of three months or less, to be cash equivalents. Cash and cash equivalents consist of cash on-hand, balances with banks, and highly liquid investments in money market funds, commercial paper, government securities, certificates of deposit, and corporate debt securities.

Investments with original maturities greater than 90 days that mature less than one year from the consolidated balance sheet date are classified as short-term investments. Auction rate securities are classified as short-term investments and have original maturities longer than one year but interest rates reset from 7 to 35 days.

Inventory—Inventory is recorded at the lower of cost (using the first-in, first-out method) or market, after we give appropriate consideration to obsolescence and inventory in excess of anticipated future demand. In assessing the ultimate recoverability of inventory, we are required to make estimates regarding future customer demand, the timing of new product introductions, economic trends and market conditions. If the actual product demand is significantly lower than forecasted, we could be required to record additional inventory write-downs, which could have an adverse impact on our gross margins and profitability.

Deferred Cost of Revenues—Deferred cost of revenues represent the unamortized cost of products associated with ratable products and services revenue, which is based upon the actual cost of the hardware sold and is recognized over the service periods of the arrangements.

Deferred Offering Costs—Deferred offering costs, consisting of legal, accounting and filing fees relating to the initial public offering, are capitalized. The deferred offering costs will be offset against our planned initial public offering proceeds upon the effectiveness of the offering. In the event the offering is terminated, the deferred offering costs will be expensed. Deferred offering cost of $135,000 is included in other assets on the Company's consolidated balance sheet at June 28, 2009. There were no amounts capitalized at December 30, 2007 or December 28, 2008.

Property and Equipment—Property and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally one to three years. Evaluation units are transferred from inventory at cost and are amortized over one year from the date of transfer. Leasehold improvements are amortized over the shorter of the estimated useful lives of the improvements or the lease term.

Impairment of Long-Lived Assets—We evaluate events and changes in circumstances that could indicate carrying amounts of long-lived assets, including intangible assets, may not be recoverable. When such events or changes in circumstances occur, we assess the recoverability of long-lived assets by determining whether the carrying value of such assets will be recovered through undiscounted expected future cash flows. If the total of the future undiscounted cash flows is less than the carrying amount of those assets, we record an impairment charge in the period in which we make the determination. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets.

Deferred Revenue—Deferred revenue consists of amounts that have been invoiced but that have not yet been recognized as revenue.

Income Taxes—We record income taxes using the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in our financial statements. In estimating future tax consequences, generally all expected future events other than enactments or changes in the tax law or rates are considered. Valuation allowances are provided when necessary to reduce deferred tax assets to the amount expected to be realized.

We operate in various tax jurisdictions and are subject to audit by various tax authorities. We provide for tax contingencies whenever it is deemed probable that a tax asset has been impaired or a tax liability has been incurred for events such as tax claims or changes in tax laws. Tax contingencies are based upon their technical merits, relevant tax law and the specific facts and circumstances as of each reporting period. Changes in facts and circumstances could result in material changes to the amounts recorded for such tax contingencies.

On January 1, 2007, we adopted FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*—an interpretation of FASB Statement No. 109 (FIN 48), which supplements FASB Statement No. 109 by

defining the confidence level that a tax position must meet in order to be recognized in the financial statements. FIN 48 requires that the tax effects of a position be recognized only if it is "more likely than not" to be sustained based solely on its technical merits as of the reporting date. We consider many factors when evaluating and estimating our tax positions and tax benefits, which may require periodic adjustments and which may not accurately anticipate actual outcomes.

With the adoption of FIN 48, companies are required to adjust their financial statements to reflect only those tax positions that are more likely than not to be sustained. Any necessary adjustment would be recorded directly to retained earnings and reported as a change in accounting principle as of the date of adoption. FIN 48 prescribes a comprehensive model for the financial statement recognition, measurement, presentation and disclosure of uncertain tax positions taken or expected to be taken in income tax returns. The adoption of FIN 48 did not have a material impact on our consolidated financial statements.

Advertising Expense—Advertising costs are expensed when incurred and is included in operating expenses in the accompanying consolidated statements of operations. Our advertising expenses were not significant for any periods presented.

Stock-Based Compensation—Prior to January 2, 2006, we accounted for stock-based awards to employees using the intrinsic value method in accordance with Accounting Principles Board Opinion 25 (APB 25), *Accounting for Stock Issued to Employees* and FASB Interpretation 44 and *Accounting for Certain Transactions involving Stock Compensation—an interpretation of APB 25*, and we had adopted the disclosure-only provisions of Statement of Financial Accounting Standard 123 (SFAS 123). Effective January 2, 2006, we adopted SFAS 123R, *Share-Based Payments*, which revised SFAS 123 and superseded APB 25, and so, with respect to our stock option grants made subsequent to January 2, 2006, we have accounted for such stock-based awards to employees in accordance with SFAS 123R which requires compensation expense related to share-based transactions, including employee stock options, to be measured and recognized in the financial statements based on fair value. The grant date fair value was determined using the Black-Scholes pricing model.

Research and Development Costs—Research and development costs are expensed as incurred.

Software Development Costs—The costs to develop software have not been capitalized as the Company believes its current software development process is essentially completed concurrent with the establishment of technological feasibility.

Revenue Recognition—We derive revenue from sales of products, including appliances and software, and services, including subscription, support and other services. Our appliances include operating system software that is integrated into the appliance hardware and is deemed essential to its functionality. As a result, we account for revenue in accordance with Statement of Position 97-2, or SOP 97-2, *Software Revenue Recognition*, and all related interpretations.

No revenue can be recognized until all of the following criteria have been met:

- Persuasive evidence of an arrangement exists. Binding contracts or purchase orders are generally used to determine the existence of an arrangement.
- Delivery has occurred. Delivery occurs when we fulfill an order and title and risk of loss has been transferred or upon delivery of the service contract registration code.
- The fee is fixed or determinable. We assess whether the fee is fixed or determinable based on the payment terms associated with the transaction. In the event payment terms differ from our standard business practices, the fees are deemed to be not fixed or determinable and revenue is recognized when the payments become due, provided the remaining criteria for revenue recognition have been met.

- Collectibility is probable. We assess collectibility based primarily on creditworthiness as determined by credit checks and analysis, as well as payment history. Payment terms generally range from thirty to sixty days from invoice date.

The Company recognizes product revenue on sales to distributors that have no right of return and end-customers upon shipment of the appliance, once all other revenue recognition criteria have been met. The Company also makes sales through distributors under agreements that allow for rights of returns. The Company recognizes product revenue on sales made through such distributors upon sale by the distributor to the end-customer, at which time rights of return lapse. Substantially all of the Company's products have been sold in combination with services which consist of subscriptions and/or support. Subscription services provide access to our antivirus, intrusion prevention, web filtering, and anti-spam functionality. Support services include rights to unspecified software upgrades, maintenance releases and patches, telephone and internet access to technical support personnel, and hardware support.

The Company commences its subscription and support services on the date the customer registers the appliance. The customer is then entitled to service for the stated contractual period beginning on the registration date.

The Company uses the residual method to recognize revenue when an arrangement includes one or more elements to be delivered at a future date and vendor-specific objective evidence (VSOE) of the fair value of all undelivered elements exists. Under the residual method, the fair value of the undelivered elements is deferred and the remaining portion of the contract fee is recognized as product revenue. In cases where VSOE of fair value of the undelivered elements does not exist, typically for subscription and support services, revenue for the entire arrangement is recognized ratably over the performance period of the undelivered elements. Revenue related to these arrangements is included in ratable product and services revenue in the accompanying consolidated statements of operations. VSOE of fair value for elements of an arrangement is based upon the pricing for those services when sold separately. Revenue for professional services and training is recognized upon completion of the related services.

Accounts Receivable—Trade accounts receivable are recorded at the invoiced amount, net of allowances for doubtful accounts and sales returns and allowances. The allowance for doubtful accounts is based on our assessment of the collectability of customer accounts. We regularly review the allowance by considering factors such as historical experience, credit quality, age of the accounts receivable balances and current economic conditions that may affect a customer's ability to pay. The reserve for sales returns and allowances is based on specific criteria including agreements to provide rebates and other factors known at the time, as well as estimates of the amount of goods shipped that will be returned. To determine the adequacy of the sales returns and allowances, we analyze historical experience of actual rebates and returns as well as current product return information.

Warranties—We generally provide a one-year warranty on hardware products and a 90-day warranty on software. A provision for estimated future costs related to warranty activities is recorded as a component of cost of product revenues when the product revenues are recognized, based upon historical product failure rates and historical costs incurred in correcting product failures. In the event we change our warranty reserve estimates, the resulting charge against future cost of sales or reversal of previously recorded charges may materially affect our gross margins and operating results.

Accrued warranty activities are summarized as follows (in thousands):

	December 30, 2007	December 28, 2008
Accrued warranty balance—beginning of the period	$ 1,187	$ 1,744
Warranty costs incurred	(1,158)	(1,030)
Provision for warranty	1,524	2,252
Adjustments to previous estimates	191	(84)
Accrued warranty balance—end of the period	$ 1,744	$ 2,882

Recent Accounting Pronouncements

In December 2007, the FASB issued SFAS No. 141 (Revised 2007), *Business Combinations* (SFAS 141(R)). SFAS 141(R) establishes principles and requirements for how the acquirer of a business recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any non-controlling interest in the acquiree. SFAS 141(R) also provides guidance for recognizing and measuring the goodwill acquired in the business combination and determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. We were required to adopt SFAS 141(R) for the fiscal year beginning January 1, 2009. The adoption of SFAS 141(R) did not have a material impact on our consolidated financial statements at the time of adoption.

In December 2007, the FASB issued SFAS No. 160, *Non-controlling Interests in Consolidated Financial Statements* which amends Accounting Research Bulletin No. 51, *Consolidated Financial Statements* (ARB 51), to establish accounting and reporting standards for the non-controlling interest in a subsidiary and for the deconsolidation of a subsidiary. It clarifies that a non-controlling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity separate and apart from the parent's equity in the consolidated financial statements. In addition to the amendments to ARB 51, this statement amends SFAS 128, Earnings Per Share, so that earnings per share data will continue to be calculated the same way those data were calculated before this statement was issued. SFAS 160 is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. The adoption of SFAS 160 did not have a material impact on our consolidated financial statements at the time of adoption.

Effective January 1, 2008, we adopted SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities*, which permits entities to choose to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value. The adoption of SFAS 159 did not have a material impact on our consolidated financial statements.

In April 2008, the FASB issued FSP No. 142-3, *Determination of Useful Life of Intangible Assets*. FSP 142-3 amends the factors that should be considered in developing the renewal or extension assumptions used to determine the useful life of a recognized intangible asset under FASB Statement No. 142, *Goodwill and Other Intangible Assets*. FSP 142-3 also requires expanded disclosure regarding the determination of intangible asset useful lives. FSP 142-3 is effective for fiscal years beginning after December 15, 2008. Earlier adoption is not permitted. The adoption of FSP 142-3 did not have a material impact on our consolidated financial statements.

In April 2009, the FASB issued FSP FAS No. 107-1 and APB No. 28-1, *Interim Disclosures about Fair Value of Financial Instruments*. FSP 107-1 extends the disclosure requirements of SFAS 107, *Disclosures about Fair Value of Financial Instruments*, to interim period financial statements, in addition to the existing requirements for annual periods and reiterates SFAS 107's requirement to disclose the methods and significant assumptions used to estimate fair value. FSP107-1 is effective for interim and annual periods ending after June 15, 2009. We are currently evaluating the impact, if any, that the adoption of FSP 107-1 will have on our consolidated financial statements.

In April 2009, the FASB issued FSP FAS No. 115-2 and FAS No. 124-2, *Recognition and Presentation of Other-Than-Temporary Impairments*. FSP 115-2 and FSP 124-2 establishes a new method for recognizing and reporting other-than-temporary impairment of debt securities and also contains additional disclosure requirements for both debt and equity securities. FSP 115-2 and FSP 124-2 are effective for interim and annual periods ending after June 15, 2009. We are currently evaluating the impact, if any, that the adoption of FSP 115-2 and FSP 124-2 will have on our consolidated financial statements.

In April 2009, the FASB issued FSP FAS No. 157-4, *Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly*. FSP 157-4 provides additional guidance for estimating fair value when the market activity for an asset or liability has declined significantly. FSP 157-4 is effective for interim and annual periods ending after June 15, 2009 and will be applied prospectively. We are currently evaluating the impact, if any, that the adoption of FSP 157-4 will have on our consolidated financial statements.

In May 2009, the FASB issued SFAS No. 165, *Subsequent Events*, SFAS 165 is intended to establish general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. It requires the disclosure of the date through which an entity has evaluated subsequent events and the basis for that date—that is, whether that date represents the date the financial statements were issued or were available to be issued. SFAS 165 is effective for interim and annual periods ending after June 15, 2009 and shall be applied prospectively.

In June 2009, FASB issued SFAS No. 168, *The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles* —a replacement of FASB Statement No. 162. SFAS 168 establishes the FASB Accounting Standards Codification as the source of authoritative accounting principles and the framework for selecting the principles used in the preparation of financial statements of nongovernmental entities that are presented in conformity with generally accepted accounting principles in the United States (U.S. GAAP). This Statement is effective for the Company's third quarter of fiscal 2009. Beginning with the third fiscal quarter of 2009, the Company references made to U.S. GAAP will use the new Codification numbering system prescribed by the FASB. As the Codification is not intended to change or alter existing U.S. GAAP, we do not expect SFAS 168 to have any impact on our consolidated financial statements.

2. SHORT-TERM INVESTMENTS AND FAIR VALUE MEASUREMENTS

The Company's short-term investments in auction rate securities at December 30, 2007 are classified as available-for-sale and are carried at fair value which approximated cost. Subsequent to December 30, 2007, the Company sold its investments in auction rate securities at par value. There were no outstanding auction rate securities at December 28, 2008 or June 28, 2009.

The following table summarizes the Company's short-term investments in available-for-sale securities (in thousands):

	December 30, 2007			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Estimated Fair Value
Available-for-sale securities:				
Auction rate securities	$ 18,750	$ —	$ —	$ 18,750

	December 28, 2008			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Estimated Fair Value
Available-for-sale securities:				
U.S. government and agency securities	$ 19,961	$ 89	$ —	$ 20,050
Corporate debt securities	26,304	—	(70)	26,234
Commercial paper	21,282	53	—	21,335
Total available-for-sale securities	$ 67,547	$ 142	$ (70)	$ 67,619

	June 28, 2009 (unaudited)			
	Amortized Cost	Unrealized Gains	Unrealized Loss	Estimated Fair Value
Available-for-sale securities:				
U.S. government and agency securities	$ 4,004	$ 5	$ —	$ 4,009
Corporate debt securities	68,477	128	—	68,605
Commercial paper	11,988	1	—	11,989
Total available-for-sale securities	$ 84,469	$ 134	$ —	$ 84,603

The contractual maturities of the Company's short-term investments are as follows (in thousands):

	December 30, 2007	December 28, 2008	June 28, 2009 (unaudited)
Due within one year	$ —	$ 65,604	$ 84,603
Due after one year	18,750	2,015	—
Total	$ 18,750	$ 67,619	$ 84,603

Available-for-sale securities are reported at fair value, with unrealized gains and losses, net of tax, included as a separate component of stockholders' deficit and in total comprehensive income (loss). Realized gains and losses on available-for-sale securities are included in interest income in the Consolidated Statements of Operations.

Realized gains (losses) from the sale of available-for-sale securities were not significant in any period presented.

Fair Value Accounting—The Company adopted FASB Statement No. 157 (SFAS No. 157), *Fair Value Measurement*, effective January 1, 2008. SFAS No. 157 establishes a valuation hierarchy for disclosure of the inputs to fair value measurement. This hierarchy prioritizes the inputs into three broad levels as follows:

Level 1—Inputs are unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2—Inputs are quoted prices for similar assets and liabilities in active markets or inputs that are observable for the assets or liabilities, either directly or indirectly through market corroboration, for substantially the full term of the financial instruments.

Level 3—Inputs are unobservable inputs based on our own assumptions used to measure assets and liabilities at fair value. The inputs require significant management judgment or estimation.

The following table presents the fair value of the Company's financial assets as of December 28, 2008 and June 28, 2009 using the SFAS No. 157 input categories:

	December 28, 2008			June 28, 2009		
	Aggregate Fair Value	Quoted Prices in Active Markets For Identical Assets (Level 1)	Significant Other Observable Remaining Inputs (Level 2)	Aggregate Fair Value	Quoted Prices in Active Markets For Identical Assets (Level 1) (unaudited)	Significant Other Observable Remaining Inputs (Level 2)
Total cash, cash equivalents and available-for-sale investments:						
U.S. government and agency securities	$ 20,050	$ —	$ 20,050	$ 4,009	$ —	$ 4,009
Corporate debt securities	40,070	39,262	808	68,605	68,605	—
Commercial paper	29,803	—	29,803	11,989	—	11,989
Money market funds	16,825	16,825	—	29,318	29,318	—
Cash equivalents and available-for-sale investments	106,748	$ 56,087	$ 50,661	113,921	$ 97,923	$ 15,998
Cash	17,442			22,501		
Total cash, cash equivalents and available-for-sale investments	$ 124,190			$ 136,422		
Reported as:						
Cash and cash equivalents	$ 56,571			$ 51,819		
Short-term investments available-for-sale investments	67,619			84,603		
Total cash, cash equivalents and available-for-sale investments	$ 124,190			$ 136,422		

The Company classifies investments within Level 1 if quoted prices are available in active markets. Level 1 assets include instruments valued based on quoted market prices in active markets which generally include money market funds and corporate equity securities publicly traded on major exchange markets.

The Company classifies items in Level 2 if the investments are valued using observable inputs to quoted market prices, benchmark yields, reported trades, broker/dealer quotes or alternative pricing sources with reasonable levels of price transparency. These investments include: U.S. government and agency securities, corporate debt securities and commercial paper. Investments are held by a custodian who obtains investment prices from an independent third party pricing provider that uses standard inputs to models which vary by asset class.

The Company did not hold financial assets or liabilities which were recorded at fair value using inputs in the Level 3 category as of December 28, 2008 and June 28, 2009.

3. INVENTORY

Inventory consisted of the following (in thousands):

	December 30, 2007	December 28, 2008	June 28, 2009 (unaudited)
Raw materials	$ 5,017	$ 1,135	$ 1,051
Finished goods	9,003	10,284	8,754
Inventory	$ 14,020	$ 11,419	$ 9,805

During the year ended December 30, 2007, the Company wrote-off $6.3 million of excess inventory.

4. PROPERTY AND EQUIPMENT—Net

Property and equipment consisted of the following (in thousands):

	December 30, 2007	December 28, 2008	June 28, 2009 (unaudited)
Evaluation units	$ 7,614	$ 9,282	$ 8,729
Computer equipment and software	5,599	6,407	7,443
Furniture and fixtures	1,038	975	1,041
Leasehold improvements and tooling	850	1,661	3,911
Total property and equipment	15,101	18,325	21,124
Less: accumulated depreciation and amortization	(12,158)	(14,900)	(15,421)
Property and equipment—net	$ 2,943	$ 3,425	$ 5,703

5. ACQUISITIONS

On June 10, 2008, the Company completed the acquisition of certain technology assets of IPLocks, Inc. (IPLocks), a privately-held company that provides database security and compliance solutions, for a cash payment of $1.0 million.

The total purchase of the transaction was allocated to IPLocks' tangible and identifiable intangible assets acquired and liabilities assumed based on their estimated fair market values as of the acquisition date. The purchase price allocation resulted in purchased net tangible assets of approximately $153,000 and purchased identifiable intangible assets of approximately $847,000. Identifiable intangible assets consist of purchased software and technology. The fair value assigned to identifiable intangible assets acquired is determined using the income approach, which discounts expected future cash flows to present value using estimates and assumptions determined by management. Purchased identifiable intangible assets are amortized on a straight-line basis over three years. The financial results of this acquisition are considered immaterial for purposes of pro forma financial disclosures. In the second quarter of 2009, the Company performed an impairment analysis and determined that the purchased technology assets were not impaired.

6. INTANGIBLE ASSETS

On September 22, 2008, the Company acquired certain technology and fixed assets for a cash payment of $1.0 million and the issuance of warrants to purchase 150,000 shares of the Company's common stock at an exercise price of $7.47 per share. The warrants expire on September 22, 2011 and are only exercisable subsequent to the closing of an initial public offering of securities by the Company. The Company allocated

$119,000 to the tangible assets and $881,000 to the purchased technology assets. The purchased technology assets are being amortized on a straight-line basis over the estimated life of three years. In the second quarter of 2009, the Company performed an impairment analysis and determined that the purchased technology assets were impaired. As a result, the Company wrote off the remaining net book value of $631,000 associated with these assets. The write-off is included in cost of product revenue in our consolidated financial statements for the first six months of fiscal 2009. The Company will recognize the acquisition-date value of the warrants of $243,000 as additional expense upon the closing of an initial public offering prior to the expiration of the warrants.

On October 23, 2008, the Company acquired certain technology assets for a warrant to purchase 120,000 shares of the Company's common stock at an exercise price of $7.47 per share. The warrants expire on October 23, 2011, and are only exercisable subsequent to the closing of an initial public offering of securities by the Company. The Company will recognize the acquisition-date value of these warrants of $210,000 as consideration for the purchase of the acquired technology upon the closing of an initial public offering prior to the expiration of the warrants.

The following table presents the detail of the Company's purchased intangible assets with definite lives included in other assets (in thousands):

	December 28, 2008			June 28, 2009			
	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Impairment	Net
				(unaudited)			
Purchased intangibles (See Notes 5 and 6)	$1,728	$ 322	$1,406	$1,728	$ 589	$ 631	$508

The following table summarizes estimated future amortization expense of purchased intangible assets with definite lives for the future fiscal year (in thousands, unaudited):

	Amount
Fiscal Years Ending:	
2009 (six months)	$ 127
2010	254
2011	127
	$ 508

7. INCOME (LOSS) PER SHARE

Basic and diluted net income (loss) per share applicable to common stockholders is presented in conformity with SFAS 128, *Earnings per Share*. Basic net income (loss) per share applicable to common stockholders is computed by dividing net income (loss) applicable to common stockholders by the weighted-average number of common shares outstanding during the period, excluding the dilutive effects of common stock equivalents. Income applicable to common stockholders is net of the premium paid on the repurchase of convertible preferred stock. Common stock equivalents include stock options, warrants and, in certain circumstances, convertible securities such as the convertible preferred stock. Diluted net income (loss) per share assumes the conversion of the convertible preferred stock using the "if converted" method, if dilutive, and includes the dilutive effect of stock options and warrants under the treasury stock method. The following table presents the calculation of basic and diluted net income (loss) per share (in thousands, except per share data):

The following table provides a reconciliation of the numerator and denominator used in computing basic and diluted net income (loss) per common share and pro forma net income (loss) per common share (in thousands, except per share amount):

	Years Ended			Six Months Ended	
	December 31, 2006	December 30, 2007	December 28, 2008	June 29, 2008	June 28, 2009
				(unaudited)	
Numerator:					
Net income (loss)	$ (5,344)	$ (21,842)	$ 7,363	$ (5,087)	$ 8,350
Premium paid on repurchase of convertible preferred shares	—	—	—	—	(9,266)
Net income (loss) attributable to common stockholders	$ (5,344)	$ (21,842)	$ 7,363	$ (5,087)	$ (916)
Denominator:					
Basic shares:					
Weighted-average common shares outstanding	18,861	19,276	20,017	19,578	20,770
Diluted shares:					
Weighted-average shares used to compute basic net income (loss) per share	18,861	19,276	20,017	19,578	20,770
Effect of potentially dilutive securities:					
Employee stock options	—	—	6,613	—	—
Warrants to purchase common stock	—	—	12	—	—
Convertible preferred stock	—	—	40,480	—	—
Weighted-average shares used to compute diluted net income (loss) per share	18,861	19,276	67,122	19,578	20,770
Net income (loss) per share attributable to common stockholders:					
Basic	$ (0.28)	$ (1.13)	$ 0.37	$ (0.26)	$ (0.04)
Diluted	$ (0.28)	$ (1.13)	$ 0.11	$ (0.26)	$ (0.04)

Basic and diluted net income (loss) per share has been computed to give effect to the repurchase of convertible preferred shares (See Note 10). According to EITF Topic No. D-42, *The Effect on the Calculation of Earnings per Share for the Redemption or Induced Conversion of Preferred Stock*, the excess of the fair value of the consideration given to the holders of preferred stock over the carrying value of the preferred stock represents a return to the preferred shareholders and is treated in a manner similar to the treatment of dividends paid to the holders of preferred stock in the computation of earnings per share. As a result, the premium paid is subtracted from net earnings available to common stockholders in determining earnings per share.

The following outstanding options, warrants and convertible preferred stock were excluded from the computation of diluted net income (loss) per common share applicable to common stockholders for the periods presented as their effect would have been antidilutive (in thousands):

	Years Ended			Six Months Ended	
	December 31, 2006	December 30, 2007	December 28, 2008	June 29, 2008	June 28, 2009
				(unaudited)	
Options to purchase common stock	7,322	168	5,438	4,128	9,299
Warrants to purchase common stock	—	—	—	—	21
Convertible preferred stock (as-converted basis)	40,480	40,480	—	40,480	37,476

UNAUDITED PRO FORMA NET INCOME (LOSS) PER SHARE

Pro forma basic and diluted net income (loss) per share have been computed to give effect to the conversion into common stock of the Company's preferred stock as shown in the table below:

	Year Ended December 28, 2008	Six Months Ended June 28, 2009 (unaudited)
Net income	$ 7,363	$ 8,350
Premium paid on repurchase of convertible preferred stock	—	(9,266)
Net income (loss) attributable to common stockholders	$ 7,363	$ (916)
Basic shares:		
Weighted average shares used to compute basic net income per share	20,017	20,770
Pro forma adjustment to reflect assumed conversion of preferred stock to occur upon consummation of the Company's expected initial public offering	37,476	37,476
Weighted average shares used to compute basic pro forma net income per share	57,493	58,246
Diluted shares:		
Weighted average shares used to compute basic pro forma net income per share	57,493	58,246
Convertible preferred stock that will not be converted	3,004	—
Effect of potentially dilutive securities:		
Employee stock options	6,613	—
Warrants to purchase common stock	12	—
Weighted average shares used to compute diluted net income per share	67,122	58,246
Pro forma net income (loss) per share attributable to common stockholders:		
Basic	$ 0.13	$ (0.02)
Diluted	$ 0.11	$ (0.02)

8. DEFERRED REVENUES

Deferred revenues consisted of the following (in thousands):

	December 30, 2007	December 28, 2008	June 28, 2009 (unaudited)
Product	$ 5,213	$ 2,731	$ 4,106
Services	100,665	140,407	151,359
Ratable products and services	25,377	28,479	29,604
Total deferred revenues	$ 131,255	$ 171,617	$ 185,069
Reported As:			
Short-term	$ 89,618	$ 118,297	$ 130,688
Long-term	41,637	53,320	54,381
Total deferred revenues	$ 131,255	$ 171,617	$ 185,069

9. COMMITMENTS AND CONTINGENCIES

Leases and Minimum Royalties—The Company leases its facilities under various noncancelable operating leases, which expire through the year 2014. Rent expense was $2.2 million, $2.9 million and $4.9 million for the years ended December 31, 2006, December 30, 2007 and December 28, 2008, respectively, and $2.3 million and $2.9 million for the six months ended June 29, 2008 and June 28, 2009, respectively. Rent expense is amortized using the straight-line method over the term of the lease.

The Company and Trend Micro entered into a Settlement and Patent License Agreement in January 2006 (see Litigation section below). The aggregate future noncancelable minimum rental payments on operating leases and minimum royalties payable if the Company continued paying under the Trend Micro Settlement and License Agreement as of December 28, 2008 are as follows (in thousands):

	Rental Payment	Royalty
Fiscal Years Ending		
2009	$ 5,028	$ 2,000
2010	2,687	1,000
2011	2,410	1,000
2012	1,560	1,000
2013	1,233	1,000
2014 and thereafter	—	1,000
Total	$12,918	$ 7,000

Contract Manufacturer Commitments—The Company's independent contract manufacturers procure components and build the Company's products based on the Company's forecasts. These forecasts are based on estimates of future demand for the Company products, which are in turn based on historical trends and an analysis from the Company's sales and marketing organizations, adjusted for overall market conditions. In order to reduce manufacturing lead times and plan for adequate component supply, the Company may issue purchase orders to some of its independent contract manufacturers which may not be cancelable. As of June 28, 2009, the Company had $5.5 million of open purchase orders with its independent contract manufacturers that may not be cancelable.

In December 2007, the Company accrued $2.4 million associated with the loss related to purchase commitments for excess inventory products. For the year ended December 28, 2008 and six months ended June 28, 2009, there was no loss related to purchase commitments for excess inventory.

Litigation

Trend Micro Lawsuit—In May 2004, Trend Micro Incorporated ("Trend") filed a complaint against the Company alleging patent infringement. On January 26, 2006, the Company and Trend entered into a Settlement and Patent License Agreement pursuant to which Trend agreed to grant the Company a nonexclusive worldwide license to the Trend patents at issue. Pursuant to the Settlement and License Agreement, the Company paid a one-time amount of $15.0 million in March 2006 and the Settlement and License Agreement included subsequent royalties based on the greater of minimum royalty amounts and a percentage of certain of the Company's revenue through 2015. In November 2008, the Company filed a complaint against Trend Micro in the United States District Court for the Northern District of California alleging, among other claims, that the patents that are the basis for the ongoing royalty payments are invalid and consequently that the Company has no contractual obligation to pay the royalties. Trend Micro moved to dismiss the case, and, in June 2009, the court dismissed the case without prejudice on procedural grounds, and the Company appealed the dismissal in July 2009. Based on the court docket, it is the Company's understanding that, on August 6, 2009, Trend Micro filed a complaint against the Company in the Superior Court of the State of California for Santa Clara County. According to the

court docket, the complaint alleges breach of contract. The Company has not received a copy of the complaint. The Company has continued to accrue expense based on the quarterly royalties provided for in the settlement and license agreement.

In January 2009, the Company filed a complaint against Palo Alto Networks, Inc., in the United States District Court for the Northern District of California alleging, among other claims, patent infringement, and Palo Alto Networks has threatened to countersue for patent infringement. In May 2009, Enhanced Security Research, LLC, or ESR, a non-practicing entity, filed a complaint in the United States District Court for the District of Delaware alleging patent infringement by Fortinet and other defendants. On August 3, 2009, ESR filed a substantially similar complaint against us in the same court alleging infringement of the same patents. We believe that the second case was filed for procedural reasons and expect that the earlier filed case will be dismissed. Both cases are currently in the early stage of the litigation process.

In addition to the above matters, the Company is subject to other litigation in the course of business. Although no assurance may be given, the Company believes that it is not presently a party to any litigation the outcome of which will individually or in the aggregate be reasonably expected to have a material adverse effect on our business, operating results, cash flows, or financial condition.

Indemnification—Under the indemnification provisions of the Company's standard sales contracts, the Company agrees to defend its customers against third-party claims asserting infringement of certain intellectual property rights, which may include patents, copyrights, trademarks, or trade secrets, and to pay judgments entered on such claims. The exposure to the Company under these indemnification provisions is generally limited to the total amount paid by the customer under the agreement. However, certain agreements include indemnification provisions that could potentially expose the Company to losses in excess of the amount received under the agreement. To date, there have been no claims under such indemnification provisions.

10. STOCKHOLDERS' EQUITY

Common Shares Reserved for Issuance—At December 28, 2008, the Company had reserved shares of common stock for issuance as follows (in thousands):

Reserved under stock option plans	20,781
Conversion of Series A preferred stock	4,000
Conversion of Series B preferred stock	5,000
Conversion of Series C preferred stock	6,000
Conversion of Series D preferred stock	15,000
Conversion of Series E preferred stock	10,500
Warrants to purchase common stock	291
Total	61,572

Convertible Preferred Stock—Authorized and outstanding convertible preferred stock was as follows as of December 30, 2007 and December 28, 2008 (in thousands):

	Authorized Shares	Outstanding Shares	Amount
Series A	4,000	4,000	$ 900
Series B	5,000	5,000	2,794
Series C	6,000	6,000	8,689
Series D	15,000	15,000	28,663
Series E	10,500	10,480	53,322
Total	40,500	40,480	$94,368

Significant terms of Series A, B, C, D, and E convertible preferred stock are as follows:

Liquidation Preference—In the event of any liquidation or winding up of the Company, the holders of Series A, B, C, D, and E convertible preferred stock are entitled to receive a liquidation preference of $0.25, $0.60, $1.50, $2.00, and $5.00 per share, respectively, plus all declared but unpaid dividends over holders of common stock. After payment has been made to the holders of Series A, B, C, D, and E convertible preferred stock, any remaining assets and funds shall be distributed pro rata to the holders of common stock and the holders of Series A, B, C, D, and E convertible preferred stock until holders of Series A, B, C, D, and E convertible preferred stock have received the applicable participation cap of $0.75, $1.80, $4.50, $6.00, and $15.00 per share, respectively.

Conversion—The holders of the Series A, B, C, D, and E convertible preferred stock have the right to convert the Series A, B, C, D, and E convertible preferred stock, at any time, into shares of common stock. The conversion ratio is 1:1, subject to certain antidilution adjustments as set forth in the Company's certificate of incorporation, principally for common stock dividends and combinations or splits, and certain additional issues of shares.

Automatic Conversion—The Series A, B, C, D, and E convertible preferred stock shall be automatically converted into common stock at the then applicable conversion price (i) in the event that the holders of at least 75% of the outstanding Series A, B, C, D, and E convertible preferred stock consent to such conversion or (ii) upon the closing of a qualified underwritten public offering of shares of common stock of the Company with proceeds to the Company of at least $20.0 million.

Voting Rights—The holders of Series A, B, C, D, and E convertible preferred stock vote equally with shares of common stock on an "as if converted" basis.

Dividend Rights—Each holder of the Series A, B, C, D, and E convertible preferred stock, shall be entitled to receive, out of any funds legally available therefore, noncumulative dividends at the rate of $0.02, $0.05, $0.12, $0.12, and $0.30 per share, respectively, per annum, payable in preference and priority to any payment of any dividends on common stock when and as declared by the Board of Directors.

Redemption Rights—The Series A, B, C, D, and E are nonredeemable.

Stock Repurchase—During the first six months of fiscal 2009, the Company's Board of Directors approved a stock repurchase authorization. This repurchase authorization allowed the Company to repurchase up to $20.0 million of its convertible preferred and common stock at $4.25 per share through June 17, 2009. This repurchase authorization expressly excluded board members and senior management of the Company. During the six months ended June 28, 2009, we repurchased 704,632 shares of common stock and 3,004,165 shares of convertible preferred stock.

11. STOCK PLANS

2000 Stock Plan—During 2000, the Company adopted the 2000 Stock Option Plan (the Plan), which includes both incentive and non-statutory stock options. Under the Plan, the Company may grant options to purchase up to 21,500,000 shares of common stock to employees, directors and service providers at prices not less than the fair market value at date of grant for incentive stock options and not less than 85% of fair market value for non-statutory options. Options granted to a person who, at the time of the grant, owns more than 10% of the voting power of all classes of stock shall be at no less than 110% of the fair market value and expire five years from the date of grant. All other options generally have a contractual term of 10 years. Options generally vest over four years.

2008 Stock Plan—On January 28, 2008, the Company's Board of Directors approved the 2008 Stock Plan (the 2008 Plan) and French Sub-Plan, which includes both incentive and nonstatutory stock options. The maximum aggregate number of shares which may be subject to options and sold under the 2008 Plan and the

French Sub-Plan is 5,000,000 shares, plus any shares that, as of the date of stockholder approval of the 2008 Plan, have been reserved but not issued under the 2000 Plan or shares subject to stock options or similar awards granted under the 2000 Plan that expire or otherwise terminate without having been exercised in full or that are forfeited to or repurchased by the Company.

Under the 2008 Plan and the French Sub-Plan, the Company may grant options to employees, directors and service providers. In the case of an incentive stock option granted to an employee, who at the time of grant, owns stock representing more than 10% of the total combined voting power of all classes of stock, the exercise price shall be no less than 110% of the fair market value per share on the date of grant and expire five years from the date of grant, and options granted to any other employee, the per share exercise price shall be no less than 100% of the fair market value per share on the date of grant. In the case of a nonstatutory stock option and options granted to other service providers, the per share exercise price shall be no less than 100% of the fair market value per share on the date of grant.

***Stock-based Compensation under SFAS No. 123*(R)**—Effective January 1, 2006, the Company adopted SFAS No. 123(R) , which requires compensation costs related to share-based transactions, including employee stock options, to be recognized in the financial statements based on fair value. Under SFAS No. 123(R), the fair value of each option award is estimated on the grant date using the Black-Scholes option pricing model. The Company determined weighted average valuation assumptions as follows:

Valuation method—The Company estimates the fair value of stock options granted using the Black-Scholes valuation model.

Expected Term—The expected term represents the period that the Company's stock-based awards are expected to be outstanding. As the Company does not have sufficient historical experience for determining the expected term of the stock option awards granted, the Company has based its expected term on the simplified method available under Staff Accounting Bulletin 110 (SAB 110).

Expected Volatility—Options granted from January 2, 2006 were valued using a volatility factor based on the historical and implied stock volatilities of the Company's peer group as the Company did not have a sufficient trading history.

Fair Value of Common Stock—The fair value of the shares of common stock that underlie the stock options we have granted has historically been determined by our board of directors. Because there has been no public market for our common stock, our board has determined the fair value of our common stock at the time of grant of the option by considering a number of objective and subjective factors, our sales of preferred stock to unrelated third parties, our operating and financial performance, the lack of liquidity of our capital stock and trends in the broader network security and computer networking market.

Risk-Free Interest Rate—The Company bases the risk-free interest rate used in the Black-Scholes valuation model on the implied yield available on U.S. Treasury zero-coupon issues with an equivalent remaining term.

Expected Dividend—The expected dividend assumption is based on the Company's current expectations about its anticipated dividend policy.

The following table summarizes the assumptions relating to the Company's stock options as follows:

	Years Ended			Six Months Ended
	December 31, 2006	December 30, 2007	December 28, 2008	June 28, 2009 (unaudited)
Dividend rate	—	—	—	—
Risk-free interest rate	4.3-5.1%	4.9%	2.3-3.3%	1.3-1.6%
Weighted-average expected life (in years)	6.0-6.1	6.1	4.5-4.6	4.6
Volatility	60-63%	49%	44-47%	50-52%

Stock-based compensation expense is included in costs and expenses as follows (in thousands):

	Years Ended			Six Months Ended	
	December 31, 2006	December 30, 2007	December 28, 2008	June 29, 2008	June 28, 2009
				(unaudited)	
Cost of product	$ 99	$ 553	$ 67	$ 27	$ 51
Cost of subcriptions and service	52	416	400	172	296
Research and development	135	1,452	1,049	428	876
Sales and marketing	354	3,928	2,512	1,220	1,336
General and administrative	414	2,983	1,271	575	784
	$ 1,054	$ 9,332	$ 5,299	$2,422	$3,343

A summary of the option activity under the Plan and changes during the reporting periods are presented below (in thousands, except per share amounts):

		Options Outstanding			
	Shares Available for Grant	Number of Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Balance—January 1, 2006 (4,255 shares were vested at a weighted-average exercise price of $0.89 per share)	1,515	11,941	$ 1.41		
Additional options authorized	4,500	—	—		
Granted (weighted-average fair value of $1.28 per share)	(4,388)	4,388	2.12		
Forfeited	2,389	(2,389)	1.65		
Repurchased	57	—	—		
Exercised (aggregate intrinsic value of $759)	—	(769)	1.16		
Balance—December 31, 2006 (6,198 shares were vested at a weighted-average exercise price of $1.24 per share)	4,073	13,171	1.62		
Granted (weighted-average fair value of $3.62 per share)	(600)	600	7.44		
Forfeited	1,172	(1,172)	1.99		
Exercised (aggregate intrinsic value of $35)	—	(19)	1.02		
Balance—December 30, 2007 (9,111 shares were vested at a weighted-average exercise price of $1.46 per share)	4,645	12,580	1.86		
Additional options authorized	5,000	—			
Granted (weighted-average fair value of $2.46 per share)	(7,232)	7,232	7.47		
Forfeited	2,635	(2,635)	3.95		
Exercised (aggregate intrinsic value of $7,119)	—	(1,444)	1.47		
Balance—December 28, 2008 (9,124 shares were vested at a weighted-average exercise price of $2.26 per share)	5,048	15,733	4.12		
Additional options authorized *	—	—			
Granted (weighted-average fair value of $2.69 per share) *	(3,504)	3,504	7.49		
Forfeited *	666	(666)	6.25		
Exercised * (aggregate intrinsic value of $2,639)	—	(521)	1.60		
Balance—June 28, 2009 *	2,210	18,050			
Options vested and expected to vest—December 28, 2008		14,863	$ 3.95	5.68	$44,734
Options exercisable—December 28, 2008		9,125	$ 2.26	5.09	$40,686
Options vested and expected to vest—June 28, 2009 *		16,475	$ 4.53	5.46	$74,549
Options exercisable—June 28, 2009 *		9,982	$ 2.84	4.96	$61,989

* Unaudited

At December 28, 2008, total compensation cost related to unvested stock-based awards granted to employees under the Company's stock plan but not yet recognized was $13.6 million, net of estimated forfeitures. This cost is expected to be amortized on a straight-line basis over a weighted-average period of 2.77 years. Future option grants will increase the amount of compensation expense to be recorded in these periods.

At June 28, 2009, total compensation cost related to unvested stock-based awards granted to employees under the Company's stock plan but not yet recognized was $15.2 million, net of estimated forfeitures. This cost is expected to be amortized on a straight-line basis over a weighted-average period of 2.88 years. Future option grants will increase the amount of compensation expense to be recorded in these periods.

The total fair value of shares vested under the Company's stock plan was $1.1 million, $2.5 million and $3.8 million for the fiscal years ended December 31, 2006, December 30, 2007 and December 28, 2008, respectively, and $2.9 million for the six months ended June 28, 2009.

In January 2007, our board of directors extended the exercise period of vested stock options to April 30, 2008 for certain terminated employees to ensure compliance with securities laws. This extension was a modification under SFAS 123(R), resulting in incremental expense.

In accordance with SFAS Statement No. 123(R) and EITF 00-19, *Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company's Own Stock* ("EITF 00-19"), the Company classified the options as liability awards at the time of modification as the option exercises would likely require the issuance of registered shares. Accordingly, at the end of each quarter in the year ended December 30, 2007, the Company determined the fair value of these options utilizing the Black-Scholes valuation model and changes in fair value of the options are included in stock-based compensation. During the year ended December 30, 2007, the Company recorded $7.6 million of stock-based compensation expense related to the modification.

Effective December 7, 2007, when the SEC amended Section 12(g) of the Securities Exchange Act of 1934, the liability awards were reclassified into equity as the Company determined that it was no longer required to issue registered shares to settle the awards. As a result of the reclassification, $6.1 million was reclassified from current liabilities to additional paid-in capital.

Additional information regarding options outstanding as of December 28, 2008, is as follows (in thousands except per share amount):

	Options Outstanding			Options Exercisable	
Exercise Prices	Number Outstanding	Weighted-Average Remaining Contractual Life (Years)	Weighted-Average Exercise Price	Number Exercisable	Weighted-Average Exercise Price
$0.05	1,500	3.21	$ 0.32	1,500	$ 0.32
0.95	1,717	4.88	0.95	1,717	0.95
1.95	3,593	5.48	1.95	3,191	1.95
2.15	1,378	5.19	2.15	1,035	2.15
2.37	200	2.56	2.37	200	2.36
2.40	493	7.29	2.40	284	2.40
7.44	600	8.73	7.44	188	7.44
7.47	6,252	5.75	7.47	1,010	7.47
$0.05–$7.47	15,733	5.42	4.12	9,125	2.26

Stock-Options Activity—Nonemployees—During the years ended December 31, 2006 and December 28, 2008, the Company issued to nonemployees in exchange for services, options to purchase of 134,000 and 29,000

shares of common stock, respectively, at a range of exercise prices from $0.95 to $7.47 per share. No options were granted to nonemployees in exchange for services during the year ended December 30, 2007 or during the six months ended June 28, 2009. These options vest over periods of up to 50 months, and in accordance with Emerging Issues Task Force Issue No. 96-18, *Accounting for Equity Instruments that are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling Goods or Services*, the Company accounted for these options as variable awards. The options were valued using the Black-Scholes option pricing model with the following weighted-average assumptions (dollar amounts in thousands):

	Years Ended			Six Months Ended
	December 31, 2006	December 30, 2007	December 28, 2008	June 28, 2009 (unaudited)
Dividend rate	—	—	—	—
Risk-free interest rate	4.3 - 5.6%	4.3 - 4.9%	2.3 - 3.6%	1.3 - 1.6%
Weighted-average expected life (in years)	6.8 - 10.0	6.0 - 9.0	6.0 - 8.5	3.6 - 7.5
Volatility	60 - 63%	49 - 56%	44 - 51%	50 - 52%
Stock-based compensation	$ 11	$ 266	$ 140	$ 40

13. INCOME TAXES

The provision for income taxes for the periods ended is as follows (in thousands):

	December 31, 2006	December 30, 2007	December 28, 2008
Current:			
Federal	$ 504	$ 179	$ 1,332
State	6	6	589
Foreign	836	1,771	(243)
Total current	1,346	1,956	1,678
Deferred—foreign	(126)	(175)	210
Provision for income taxes	$ 1,220	$ 1,781	$ 1,888

The provision for income taxes differs from the amount computed by applying the statutory federal income tax rate as follows (in thousands):

	Years Ended		
	December 31, 2006	December 30, 2007	December 28, 2008
Tax at federal statutory tax rate	$ (1,443)	$ (7,021)	$ 3,237
State taxes—net of federal benefit	(198)	(432)	573
Permanent differences	42	38	665
Research and development credit	(94)	(179)	(199)
Foreign income taxed at different rates	376	620	(3,047)
Foreign loss not benefited	66	—	—
Stock-based compensation expense	—	1,258	1,049
Other	195	892	56
Change in valuation allowance	2,276	6,605	(446)
Total provision for income taxes	$ 1,220	$ 1,781	$ 1,888

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets as of each of the years ended are presented below (in thousands):

	December 30, 2007	December 28, 2008
Deferred tax assets:		
Net operating loss carryforward	$ 21,246	$ 18,327
Deferred revenue	9,120	9,276
Nondeductible reserves and accruals	9,093	11,651
Depreciation and amortization	316	768
General business credit carryforward	2,563	2,137
Other	600	101
Total deferred tax assets	42,938	42,260
Valuation allowance	(42,637)	(42,191)
Net deferred tax assets	$ 301	$ 69

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Due to the uncertainty surrounding the Company's ability to realize such deferred tax assets, a full valuation allowance has been established, except with respect to a deferred tax asset of $301,000 and $69,000 related to foreign operations which is included in prepaid expenses and other current assets at December 30, 2007 and December 28, 2008, respectively.

As of December 28, 2008, the Company had federal and state net operating loss carryforwards of approximately $49.7 million and $33.4 million, respectively. The federal and state net operating loss carryforwards begin to expire in the year 2021 and 2012, respectively. Internal Revenue Code (IRC) §382 imposes significant restrictions on the utilization of net operating loss carryforwards and experimental tax credits in the event of a change in ownership. Our ability to use our net operating loss carryforwards to offset any future taxable income will be subject to limitations attributable to equity transactions that would result in a change of ownership as defined by Section 382 of the Internal Revenue Code of 1986, as amended, or the Internal Revenue Code. Furthermore, the Company has tax credit carryforwards available to offset future federal and state taxes of approximately $1.9 million and $744,000, respectively. The federal tax credits begin to expire in 2021. The state credits carry forward indefinitely.

At December 28, 2008, the Company has not made any tax provision for the U.S. federal and state income taxes on approximately $10.2 million foreign earnings which are expected to be invested outside of the U.S. indefinitely. Upon distribution of those earnings, the Company would be subject to U.S. income taxes (subject to a reduction of the foreign tax credit) and withholding taxes payable to the foreign countries where the foreign operations are located, if any.

On January 1, 2007, we adopted the provisions of FIN 48. As a result of applying the provisions of FIN 48, there were no liabilities for material unrecognized tax benefits and no reduction in accumulated deficit as of January 1, 2007, and therefore no accrued interest and penalties recognized as of January 1, 2007. At December 28, 2008, we had $2.0 million of unrecognized tax benefits, all of which, if recognized, would affect our effective tax rate. Our policy is to include interest and penalties related to unrecognized tax benefits in income tax expense. As of December 28, 2008, accrued interest and penalties were not significant.

The aggregate changes in the balance of unrecognized tax benefits are as follows:

	Years Ended	
	December 30, 2007	December 28, 2008
Balance, beginning of year	$ 1,259	$ 1,928
Increases for tax provisions related to the current year	669	24
Balance, end of year	$ 1,928	$ 1,952

As of December 28, 2008 and December 30, 2007, $746,000 of the amounts reflected above were recorded as a liability and included in other noncurrent liabilities in the Company's consolidated balance sheet.

As of December 28, 2008, there were no unrecognized tax benefits that the Company expects would change significantly over the next 12 months.

The Company files income tax returns in the U.S. federal jurisdiction, and various U.S. state and foreign jurisdictions. As the Company has net operating loss carryforwards for U.S. federal and state jurisdictions, the statute of limitations is open for all tax years. Generally, the Company is no longer subject to non-U.S. income tax examinations by tax authorities for tax years prior to 2004.

14. EMPLOYEE BENEFIT PLAN

The Company has established a 401(k) tax-deferred savings plan (the 401(k) Plan) which permits participants to make contributions by salary deduction pursuant to Section 401(k) of the Internal Revenue Code. The Company is responsible for administrative costs of the 401(k) Plan and made no contributions to the 401(k) Plan since inception.

15. CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

During the years ended December 31, 2006, December 30, 2007, December 28, 2008, and the six months ended June 28, 2009, respectively, the Company paid compensation of $124,000, $148,000, $142,000 and $85,000 to two employees who were directly related to a board member.

On January 31, 2008, the Company entered into a twenty-three month noncancelable facility lease agreement with a related party. Under the terms of the agreement, in 2008, the Company paid approximately $284,000 for tenant improvement and $316,000 for a refundable deposit. For the year ended December 28, 2008 and the six months ended June 28, 2009 the Company paid $757,000 and $455,000, respectively, for office rent and operating expenses. The lease expires on December 31, 2009.

16. SEGMENT INFORMATION

SFAS No. 131, *Disclosures about Segments of an Enterprise and Related Information*, establishes standards for reporting information about operating segments. Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker, or decision making group, in deciding how to allocate resources and in assessing performance. The Company's chief operating decision maker is the Company's chief executive officer. The Company's chief executive officer reviews financial information presented on a consolidated basis, accompanied by information about revenue by geographic region for purposes of allocating resources and evaluating financial performance. The Company has one business activity, and there are no segment managers who are held accountable for operations, operating results and plans for levels or components below the consolidated unit level. Accordingly, the Company is considered to be in a single reporting segment and operating unit structure.

Revenue by geographic region is based on the billing address of the customer. The following tables set forth revenue, property and equipment and interest income by geographic region (in thousands):

Revenue	Years Ended December 31, 2006	Years Ended December 30, 2007	Years Ended December 28, 2008	Six Months Ended June 29, 2008	Six Months Ended June 28, 2009
				(unaudited)	
Americas	$ 37,654	$ 55,461	$ 75,367	$ 32,261	$ 41,733
Europe, Middle East and Africa	42,303	54,722	79,755	38,532	44,304
Asia Pacific and Japan	43,509	45,183	56,669	27,518	29,502
Total revenue	$ 123,466	$ 155,366	$ 211,791	$ 98,311	$ 115,539

Property and Equipment	December 30, 2007	December 28, 2008	June 28, 2009
			(unaudited)
Americas	$ 2,356	$ 2,387	$ 4,762
Europe, Middle East and Africa	326	384	269
Asia Pacific and Japan	261	654	672
Total property and equipment—net	$ 2,943	$ 3,425	$ 5,703

Interest Income	Years Ended December 31, 2006	Years Ended December 30, 2007	Years Ended December 28, 2008	Six Months Ended June 29, 2008	Six Months Ended June 28, 2009
				(unaudited)	
Americas	$ 2,365	$ 3,486	$ 2,596	$1,267	$1,227
Europe, Middle East and Africa	8	17	15	9	22
Asia Pacific and Japan	3	4	3	1	—
Total revenue	$ 2,376	$ 3,507	$ 2,614	$1,277	$1,249

17. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through August 10, 2009, the date its consolidated financial statements were issued via their inclusion in the Company's Registration Statement on Form S-1.

SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS

	Years Ended		
	December 31, 2006	December 30, 2007	December 28, 2008
		(in thousands)	
Allowance for Doubtful Accounts:			
Beginning balance	$ 67	$ 90	$ 384
Charged to costs and expenses	114	319	191
Bad debt write-offs	(91)	(25)	(257)
Ending balance	$ 90	$ 384	$ 318
Sales Return Reserve:			
Beginning balance	$ 1,483	$ 3,174	$ 3,995
Charged to costs and expenses	2,050	1,919	893
Deductions—reserves utilized	(359)	(1,098)	(2,217)
Ending balance	$ 3,174	$ 3,995	$ 2,671

* * * * * *

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PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 13. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

The following table sets forth all expenses to be paid by the registrant, other than estimated underwriting discounts and commissions, in connection with this offering. All expenses will be borne by the registrant (except any underwriting discounts and commissions and expenses incurred by the selling stockholders in this offering). All amounts shown are estimates except for the SEC registration fee, the FINRA filing fee and the listing fee.

SEC registration fee	$ 5,580
FINRA filing fee	$ 75,500
listing fee	*
Printing and engraving	*
Legal fees and expenses	*
Accounting fees and expenses	*
Blue sky fees and expenses (including related legal fees)	*
Transfer agent and registrar fees	*
Miscellaneous expenses	*
Total	$ *

* To be provided by amendment

ITEM 14. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Section 145 of the Delaware General Corporation Law authorizes a corporation's board of directors to grant, and authorizes a court to award, indemnity to officers, directors and other corporate agents.

As permitted by Section 102(b)(7) of the Delaware General Corporation Law, or DGCL, the registrant's certificate of incorporation to be in effect upon the closing of this offering includes provisions that eliminate the personal liability of its directors and officers for monetary damages for breach of their fiduciary duty as directors and officers.

In addition, as permitted by Section 145 of the DGCL, the bylaws of the registrant to be effective upon completion of this offering provide that:

- The registrant shall indemnify its directors and officers for serving the registrant in those capacities or for serving other business enterprises at the registrant's request, to the fullest extent permitted by Delaware law. Delaware law provides that a corporation may indemnify such person 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 registrant and, with respect to any criminal proceeding, had no reasonable cause to believe such person's conduct was unlawful.
- The registrant may, in its discretion, indemnify employees and agents in those circumstances where indemnification is permitted by applicable law.
- The registrant is required to advance expenses, as incurred, to its directors and officers in connection with defending a proceeding, except that such director or officer shall undertake to repay such advances if it is ultimately determined that such person is not entitled to indemnification.
- The registrant will not be obligated pursuant to the bylaws to indemnify a person with respect to proceedings initiated by that person, except with respect to proceedings authorized by the registrant's board of directors or brought to enforce a right to indemnification.

- The rights conferred in the bylaws are not exclusive, and the registrant is authorized to enter into indemnification agreements with its directors, officers, employees and agents and to obtain insurance to indemnify such persons.
- The registrant may not retroactively amend the bylaw provisions to reduce its indemnification obligations to directors, officers, employees and agents.

The registrant's policy is to enter into separate indemnification agreements with each of its directors and officers that provide the maximum indemnity allowed to directors and executive officers by Section 145 of the DGCL and also provides for certain additional procedural protections. The registrant also maintains directors and officers insurance to insure such persons against certain liabilities.

These indemnification provisions and the indemnification agreements entered into between the registrant and its officers and directors may be sufficiently broad to permit indemnification of the registrant's officers and directors for liabilities (including reimbursement of expenses incurred) arising under the Securities Act.

The underwriting agreement filed as Exhibit 10.1 to this registration statement provides for indemnification by the underwriters of the registrant and its officers and directors for certain liabilities arising under the Securities Act and otherwise.

ITEM 15. RECENT SALES OF UNREGISTERED SECURITIES.

During the last three years, the Registrant made sales of the following unregistered securities:

(1) From July 7, 2006 through July 24, 2009, the Registrant sold and issued to its service providers or former service providers an aggregate of 2,465,963 shares of its common stock pursuant to option exercises under the 2000 Plan at prices ranging from $0.05 to $2.40 per share for an aggregate purchase price of $3,557,521.

(2) From July 20, 2006 through September 20, 2007, the Registrant granted to its service providers options to purchase an aggregate of 3,181,423 shares of its common stock under the 2000 Plan at prices ranging from $2.15 to $7.44 per share for an aggregate purchase price of $10,231,556.

(3) From February 7, 2008 through July 22, 2009, the Registrant granted to its service providers options to purchase an aggregate of 11,031,787 shares of its common stock under the 2008 Plan, at prices ranging from $7.47 to $9.30 per share for an aggregate purchase price of $83,018,915.

(4) From June 26, 2008 through January 30, 2009, the Registrant sold and issued to its service providers or former service providers an aggregate of 3,937 shares of its common stock pursuant to option exercises under the 2008 Plan at a purchase price of $7.47 per share for an aggregate purchase price of $29,409.

(5) On August 26, 2008, the Registrant issued a warrant to purchase an aggregate of 21,000 shares of the Registrant's common stock at an exercise price of $1.95 per share to a former optionee whose option granted in 2005 under the 2000 Plan was cancelled by the Registrant's board of directors. The warrant may be exercised at any time prior to its termination date of April 1, 2015.

(6) On September 22, 2008, the Registrant issued a warrant to purchase 150,000 shares of the Registrant's common stock at a price of $7.47 per share in connection with an asset purchase agreement. The warrant may be exercised after the Registrant has an initial public offering of securities pursuant to an effective registration statement on Form S-1 and prior to its termination date of September 22, 2011.

(7) On October 23, 2008, the Registrant issued a warrant to purchase 120,000 shares of the Registrant's common stock at a price of $7.47 per share in connection with an asset purchase agreement. The warrant may be exercised after the Registrant has an initial public offering of securities pursuant to an effective registration statement on Form S-1 and prior to its termination date of October 23, 2011.

(8) On June 19, 2009, the Registrant issued 100,000 shares of the Registrant's common stock to a person claiming to have provided services to the Company to settle all claims brought by such service provider in a law suit against the Registrant. The shares were issued at a price of $1.62 per share plus settlement of all claims.

No underwriters were involved in the foregoing sales of securities. The issuances of the securities described above were deemed to be exempt from registration under the Securities Act in reliance on Section 4(2) of the Securities Act or Rule 701 promulgated under Section 3(b) of the Securities Act. The recipients of securities in each such transaction represented their intention to acquire the securities for investment only and not with a view to or for sale in connection with any distribution thereof and appropriate legends were affixed to the stock certificates and option agreements issued in such transactions.

ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

(a) Exhibits. The following exhibits are included herein or incorporated herein by reference:

Exhibit Number	Description
1.1*	Form of Underwriting Agreement
3.1	Amended and Restated Certificate of Incorporation of Registrant, as currently in effect
3.2	Form of Amended and Restated Certificate of Incorporation of the Registrant, to be in effect upon the closing of this offering
3.3	Bylaws of Registrant as amended, as currently in effect
3.4	Form of Amended and Restated Bylaws of Registrant, to be in effect upon the closing of this offering
4.1*	Specimen common stock certificate of the Registrant
4.2	Third Amended and Restated Investors Rights Agreement, dated as of February 24, 2004, between Registrant and certain holders of Registrant's capital stock named therein
5.1*	Opinion of Wilson Sonsini Goodrich & Rosati, Professional Corporation
10.1	Form of Indemnification Agreement between Registrant and its directors and officers
10.2	2000 Stock Plan and forms of agreement thereunder
10.3	2008 Stock Plan and forms of agreement thereunder
10.4	2009 Equity Incentive Plan and forms of agreement thereunder, to be in effect upon the closing of this offering
10.5	Change of Control Severance Agreement, dated as of August 7, 2009, between Registrant and Ken Xie
10.6	Change of Control Severance Agreement, dated as of August 7, 2009, between Registrant and Michael Xie
10.7	Change of Control Severance Agreement, dated as of August 7, 2009, between Registrant and Ken Goldman
10.8	Change of Control Severance Agreement, dated as of August 7, 2009, between Registrant and John Whittle
10.9	Offer Letter, dated as of August 31, 2007, between Registrant and Ken Goldman
10.10	Offer Letter, dated as of October 23, 2006, between Registrant and John Whittle
10.11	Form of Change of Control Agreement between Registrant and its non-executive directors
21.1	List of subsidiaries of Registrant
23.1	Consent of Deloitte & Touche LLP, Independent Registered Public Accounting Firm
23.2*	Consent of Wilson Sonsini Goodrich & Rosati, Professional Corporation (included in Exhibit 5.1)
24.1	Power of Attorney (see page II-5 to this registration statement on Form S-1)

* To be filed by amendment

(b) Financial Statement Schedules.

Financial Statement Schedule II is included on page F-30. All other schedules for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission are omitted because they are not required, or not applicable or the information is included in the financial statements or notes thereto.

ITEM 17. UNDERTAKINGS.

The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

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.

The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act of 1933, each post effective amendment that contains a form of prospectus 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.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Sunnyvale, California, on the 10th day of August, 2009.

FORTINET, INC.

By: /s/ KEN XIE
Ken Xie, President and Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below hereby constitutes and appoints Ken Xie and Ken Goldman and each of them, as his true and lawful attorney in fact and agent with full power of substitution, for him in any and all capacities, to sign any and all amendments to this registration statement (including post effective amendments or any abbreviated registration statement and any amendments thereto filed pursuant to Rule 462(b) increasing the number of securities for which registration is sought), and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney in fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully for all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorney in fact and agent, or his substitute, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ KEN XIE Ken Xie	President, Chief Executive Officer and Director (Principal Executive Officer)	August 10, 2009
/s/ KEN GOLDMAN Ken Goldman	Chief Financial Officer (Principal Accounting and Financial Officer)	August 10, 2009
/s/ MICHAEL XIE Michael Xie	Chief Technical Officer and Director	August 10, 2009
/s/ GEORGE HARA George Hara	Director	August 10, 2009
/s/ HONG LIANG LU Hong Liang Lu	Director	August 10, 2009
/s/ GREG MYERS Greg Myers	Director	August 10, 2009
/s/ CHRIS PAISLEY Chris Paisley	Director	August 10, 2009
/s/ DAVID TSANG David Tsang	Director	August 10, 2009
/s/ JOHN WALECKA John Walecka	Director	August 10, 2009

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23.2*	Consent of Wilson Sonsini Goodrich & Rosati, Professional Corporation (included in Exhibit 5.1)
24.1	Power of Attorney (see page II-5 to this registration statement on Form S-1)

* To be filed by amendment

Exhibit 3.1

AMENDED AND RESTATED

CERTIFICATE OF INCORPORATION

OF FORTINET, INC.

(Pursuant to Sections 242 and 245 of the

General Corporation Law of the State of Delaware)

The undersigned being the President of Fortinet, Inc., a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), DOES HEREBY CERTIFY that

FIRST: That the name of the Corporation is Fortinet, Inc. and that this corporation was originally incorporated pursuant to the General Corporation Law on November 28, 2000 under the name "Appligation, Inc," changed its name to "ApSecure, Inc." pursuant to a Certificate of Amendment of Certificate of Incorporation filed on December 12, 2000, changed its name to "Fortinet, Inc." pursuant to a Certificate of Amendment of Certificate of Incorporation filed on December 6, 2001.

SECOND: On May 29, 2001, May 30, 2002, August 15, 2003, February 24, 2004 and June 3, 2005 the Corporation filed Amended and Restated Certificates of Incorporation with the Secretary of State of the State of Delaware.

THIRD: The Board of Directors of the Corporation has duly adopted resolutions proposing to amend and restate the Amended and Restated Certificate of Incorporation of the Corporation, declaring said amendment and restatement to be advisable and in the best interests of this corporation and its stockholders, and authorizing the appropriate officers of this corporation to solicit the consent of the stockholders thereof, which resolution setting forth the proposed amendment and restatement is as follows:

RESOLVED, that this Amended and Restated Certificate of Incorporation amends and restates the Amended and Restated Certificate of Incorporation in its entirety as follows:

ARTICLE I

The name of the corporation is Fortinet, Inc.

ARTICLE II

The address of its registered agent's office in the State of Delaware is 2711 Centerville Road, Suite 400, in the City of Wilmington 19808, County of Newcastle. The name of its registered agent at such address is Corporation Services Company.

ARTICLE III

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

ARTICLE IV

A. Classes of Stock. The Corporation is authorized to issue two classes of shares of stock, to be designated, respectively, "Common Stock" and "Preferred Stock." The total number of shares that the Corporation is authorized to issue is One Hundred-Seventeen Million Five Hundred Thousand (117,500,000) shares, of which Seventy-Seven Million (77,000,000) shares shall be Common Stock with a par value of $0.001 per share and Forty Million Five Hundred Thousand (40,500,000) shares shall be Preferred Stock with a par value of $0.001 per share. Of the Preferred Stock, Four Million (4,000,000) shares shall be of the series designated "Series A Preferred Stock," Five Million (5,000,000) shares shall be of the series designated "Series B Preferred Stock," Six Million (6,000,000) shares shall be of the series designated "Series C Preferred Stock," Fifteen Million (15,000,000) shares shall be of the series designated "Series D Preferred Stock," and Ten Million Five Hundred Thousand (10,500,000) shares shall be of the series designated "Series E Preferred Stock," each with the rights, preferences and restrictions described below in this Amended and Restated Certificate of Incorporation (this "Certificate").

B. Rights, Preferences and Restrictions of Preferred Stock.

The rights, preferences, privileges, and restrictions granted to and imposed on the Preferred Stock are set forth below in this Article IV.

1. Dividend Preference. When, as and if declared by the Corporation's Board of Directors, the holders of Preferred Stock shall be entitled to receive, out of any funds legally available therefor, dividends prior and in preference to any declaration or payment of any dividend on the Common Stock at the rate of (i) $0.02 per annum on each outstanding share of Series A Preferred Stock, (ii) $0.05 per share per annum on each outstanding share of Series B Preferred Stock, (iii) $0.12 per share per annum on each outstanding share of Series C Preferred Stock, (iv) $0.12 per share per annum on each outstanding share of Series D Preferred Stock, and (v) $0.30 per share per annum on each outstanding share of Series E Preferred Stock (each as adjusted for any stock dividends, combinations, splits, recapitalizations, and the like with respect to such shares). After payment of such dividends, any additional dividends or distributions shall be distributed among all holders of Common Stock and Preferred Stock in proportion to the number of shares of Common Stock that would be held by each such holder if all shares of Preferred Stock were converted to Common Stock at the then effective conversion rate for each series of Preferred Stock. The right of the holders of the Preferred Stock to receive dividends shall not be cumulative, and no right shall accrue to holders of Preferred Stock by reason of the fact that dividends on such shares are not declared or paid in any prior year. So long as any shares of Preferred Stock shall be

outstanding, no dividend, whether in cash or property, shall be paid or declared, nor shall any other distribution be made, on any other stock of the Corporation ("Junior Stock"), nor shall any shares of any Junior Stock of the Corporation be purchased, redeemed, or otherwise acquired for value by the Corporation (except for repurchase of Common Stock by the Corporation pursuant to agreements which permit the Corporation to repurchase such shares upon termination of services to the Corporation or the exercise by the Corporation of contractual rights of first refusal over shares of Common Stock) until all dividends (set forth in this Section) on the Preferred Stock shall have been paid or declared and set apart. The holders of the Preferred Stock expressly waive their rights, if any, as described in California Corporations Code Sections 502, 503 and 506 as they relate to repurchases of shares of Common Stock upon termination of employment or service as a consultant or director.

2. Liquidation Preference.

(a) In the event of any liquidation, dissolution or winding up of the Corporation ("Liquidation"), either voluntary or involuntary, the holders of the Preferred Stock shall be entitled to receive, prior and in preference to any distribution of any of the assets or surplus funds of the Corporation to the holders of the Common Stock, the amount of (i) $0.25 for each share of Series A Preferred Stock, (ii) $0.60 for each share of Series B Preferred Stock, (iii) $1.50 for each share of Series C Preferred Stock, (iv) $2.00 for each share of Series D Preferred Stock, and (v) $5.00 for each share of Series E Preferred Stock (each as adjusted for any stock dividends, combinations, splits, recapitalizations, or the like with respect to such shares) plus all declared but unpaid dividends on each share of Preferred Stock ("Liquidation Payment"). If upon the occurrence of such event, the assets and funds thus distributed among the holders of the Preferred Stock shall be insufficient to permit the payment to such holders of the full preferential amounts, then the entire assets and funds of the Corporation legally available for distribution shall be distributed ratably among the holders of the Preferred Stock in proportion to the full preferential amount each such holder is otherwise entitled to receive under this subsection (a).

(b) After payment has been made to the holders of the Preferred Stock of the full amounts to which they shall be entitled as aforesaid, the remaining assets and funds of the Corporation legally available for distribution, if any, shall be distributed pro rata among the holders of the Common Stock, Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, and Series E Preferred Stock, on an as-if converted to Common Stock basis until, with respect to each series of Preferred Stock, such holders shall have received the applicable Participation Cap (as defined below), including amounts paid pursuant to subsection (a) of this Section 2. Thereafter, if assets and funds legally available for distribution remain, the holders of the Common Stock shall receive all of such remaining assets and funds pro rata based on the number of shares of Common Stock held by each. For purposes of this Certificate, "Participation Cap" shall mean $0.75 per share for the Series A Preferred Stock, $1.80 per share for the Series B Preferred Stock, $4.50 per share for the Series C Preferred Stock, $6.00 per share for the Series D Preferred Stock, and $15.00 per share

for the Series E Preferred Stock (each as adjusted for any stock dividends, combinations, splits, recapitalizations, or the like with respect to such series of Preferred Stock).

(c) Notwithstanding the above, for purposes of determining the amount each holder of shares of Preferred Stock is entitled to receive with respect to a Liquidation, each such holder of shares of a series of Preferred Stock shall be deemed to have converted (regardless of whether such holder actually converted) such holder's shares of such series into shares of Common Stock immediately prior to the Liquidation if, as a result of an actual conversion, such holder would receive, in the aggregate, an amount greater than the amount that would be distributed to such holder if such holder did not convert such series of Preferred Stock into shares of Common Stock. If any such holder shall be deemed to have converted shares of Preferred Stock into Common Stock pursuant to this paragraph, then such holder shall not be entitled to receive any distribution that would otherwise be made to holders of Preferred Stock that have not converted (or have not been deemed to have converted) into shares of Common Stock.

(d) For purposes of this Article IV, Section (B)2, a Liquidation shall be deemed to be occasioned by, or to include (unless the holders of at least seventy-five percent (75%) of the Preferred Stock then outstanding (voting together as a single class and not as separate series, and on an as-converted to Common Stock basis) shall determine otherwise), (A) the acquisition of a Liquidation Fortinet Entity (as defined below) by another person or entity by means of any transaction or series of related transactions (including, without limitation, any stock acquisition, reorganization, merger or consolidation) that results in the transfer of fifty percent (50%) or more of the outstanding voting power of the Liquidation Fortinet Entity; (B) a sale or other conveyance of all or substantially all of the assets of a Liquidation Fortinet Entity; or (C) any liquidation, dissolution or winding up of a Liquidation Fortinet Entity, whether voluntary or involuntary. As used herein, the term "Liquidation Fortinet Entity" shall mean the Corporation or any direct or indirect subsidiary of the Corporation the assets of which (together with its direct or indirect subsidiaries) constitute all or substantially all of the assets of the Corporation (as determined on a consolidated basis together with all of the Corporation's direct and indirect subsidiaries). Notwithstanding the foregoing, the Corporation's sale of capital stock for capital raising purposes, including the sale of shares of Preferred Stock, shall not be deemed a Liquidation.

(i) In any Liquidation, if the consideration received by the Corporation is other than cash, its value will be deemed its fair market value. Any securities shall be valued as follows:

(A) Securities not subject to investment letter or other restrictions on free marketability covered by (B) below:

(1) If traded on a securities exchange or through the Nasdaq National Market, the value shall be deemed to be the average of the closing prices of the securities on such exchange or system over the thirty (30) day period ending three (3) days prior to the closing;

(2) If actively traded over-the-counter, the value shall be deemed to be the average of the closing bid or sale prices (whichever is applicable) over the thirty (30) day period ending three (3) days prior to the closing; and

(3) If there is no active public market, the value shall be the fair market value thereof, as mutually determined by the Corporation and the holders of at least seventy-five percent (75%) of the voting power of all then outstanding shares of Preferred Stock.

(B) The method of valuation of securities subject to investment letter or other restrictions on free marketability (other than restrictions arising solely by virtue of a stockholder's status as an affiliate or former affiliate) shall be to make an appropriate discount from the market value determined as above in (A) (1), (2) or (3) to reflect the approximate fair market value thereof, as mutually determined by the Corporation and the holders of at least seventy-five percent (75%) of the voting power of all then outstanding shares of such Preferred Stock.

(C) The foregoing methods for valuing non-cash consideration to be distributed in connection with a Liquidation may be superceded by any determination of such value set forth in the definitive agreements governing such Liquidation that have been approved by the Board of Directors.

(ii) In the event the requirements of Article IV, Section (B)2 are not complied with, the Corporation shall forthwith either:

(A) cause the closing of the Liquidation to be postponed until such time as the requirements of Article IV, Section (B)2 have been complied with; or

(B) cancel such transaction, in which event the rights, preferences and privileges of the holders of the Preferred Stock shall revert to and be the same as such rights, preferences and privileges existing immediately prior to the date of the first notice referred to in Article IV, Section (B)2(c)(iii) hereof.

(iii) The Corporation shall give each holder of record of Preferred Stock written notice of any impending Liquidation not later than twenty (20) days prior to the stockholders' meeting called to approve such transaction, or twenty (20) days prior to the closing of such transaction, whichever is earlier, and shall also notify such holders in writing of the final approval of such transaction. The first of such notices shall describe the material terms and conditions of the impending transaction and the provisions of this Article IV Section (B)2, and the Corporation shall thereafter give such holders prompt notice of any material changes. The transaction shall in no event take place sooner than twenty (20) days after the Corporation has given the first notice provided for herein or sooner than ten (10) days after the Corporation has given notice of any material changes provided for herein; provided, however, that such periods may be shortened upon the written consent of the holders of Preferred Stock that are entitled to such notice rights or similar notice rights and that represent at least at least seventy-five

percent (75%) of the voting power of all then outstanding shares of such Preferred Stock (voting together as a single class and not as separate series, and on an as-converted to Common Stock basis).

3. Voting Rights.

(a) The holder of each share of the Preferred Stock shall be entitled to the number of votes equal to the number of shares of Common Stock into which such share of Preferred Stock could then be converted and shall have voting rights and powers equal to the voting rights and powers of the Common Stock (except as otherwise expressly provided herein or as required by law, voting together with the Common Stock as a single class) and shall be entitled to notice of any stockholders' meeting in accordance with the Bylaws of the Corporation, and except as provided in subsection 3(e) below with respect to the election of directors by the separate class vote of the holders of Common Stock, shall be entitled to vote, together with holders of Common Stock, with respect to any questions upon which holders of Common Stock have the right to vote. Fractional votes shall not, however, be permitted and any fractional voting rights resulting from the above formula (after aggregating all shares into which shares of Preferred Stock held by each holder could be converted) shall be rounded to a nearest whole number (with one-half being rounded upward).

(b) The number of members that shall comprise the whole Board of Directors shall be fixed at seven (7).

(c) For so long as at least twenty-five percent (25%) of the aggregate shares of Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock initially issued remains outstanding (subject to appropriate adjustments for stock splits, stock dividends, combinations, recapitalizations or the like with respect to such shares), the holders of the Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock (voting together as a single class and not as separate series, and on as converted to Common Stock basis) shall be entitled to elect two members of the Board of Directors at each stockholder meeting, or pursuant to each consent of the Company's stockholders, to elect directors, to remove from office any such members and to fill any vacancy caused by the resignation, death or removal of any of such members.

(d) For so long as at least twenty-five percent (25%) of the Series D Preferred Stock initially issued remains outstanding (subject to appropriate adjustments for stock splits, stock dividends, combinations, recapitalizations or the like with respect to such shares), the holders of the Series D Preferred Stock, voting as a separate class, shall be entitled to elect one member of the Board of Directors (the "Series D Director") at each stockholder meeting, or pursuant to each consent of the Company's stockholders, to elect directors, to remove from office any such member and to fill any vacancy caused by the resignation, death or removal of any of such member.

(e) The holders of Common Stock, voting as a separate class, shall be entitled to elect two members of the Board of Directors at each stockholder meeting, or pursuant to each consent of the Company's stockholders, to elect directors, to

remove from office any such members and to fill any vacancy caused by the resignation, death or removal of any of such members.

(f) The holders of Common Stock and Preferred Stock (voting together as a single class and not as separate series, and on an as converted to Common Stock basis) shall be entitled to elect all remaining members of the Board of Directors at each stockholder meeting, or pursuant to each consent of the Company's stockholders, to elect directors, to remove from office any such members and to fill any vacancy caused by the resignation, death or removal of any of such members.

(g) For so long as twenty-five percent (25%) of the Preferred Stock originally issued remains outstanding, the Corporation shall not (whether by amendment, merger, consolidation or otherwise), without first obtaining the approval (by vote or written consent, as provided by law) of the holders of at least seventy-five percent (75%) of the then outstanding Preferred Stock, voting as a single class and not as separate series, and on an as converted to Common Stock basis, (i) alter or change, through amendment of the Corporation's Certificate of Incorporation or otherwise, the rights, preferences or privileges of the Preferred Stock; (ii) increase or decrease the authorized number of shares of Common Stock in excess of ten percent (10%) of the number of the then outstanding shares of Common Stock in any twelve-month period (calculated as of the date of the beginning of such twelve-month period and as may be adjusted from time to time for stock splits, stock dividends, combinations, subdivisions, recapitalizations or the like); (iii) increase or decrease the authorized number of shares of Preferred Stock; (iv) authorize or create, by reclassification or otherwise, any equity security (including any other security convertible into or exercisable for any such equity security) having rights, preferences or privileges senior to or on a parity with the existing Preferred Stock; (v) redeem or repurchase any shares of Preferred Stock or Common Stock (except as to (1) the repurchase of shares of Common Stock at cost from employees, officers, directors, consultants or other persons performing services for the Corporation pursuant to agreements under which the Corporation has the option to repurchase such shares upon the termination of employment or service or (2) the exercise by the Corporation of contractual rights of first refusal over shares of Common Stock); (vi) pay any dividends to the holders of Preferred Stock or Common Stock; (vii) enter into any transaction or series of transactions deemed to be a Liquidation (as defined under Article IV, Section (B)(2)(d)); (viii) change the authorized number of directors of the Corporation; (ix) enter into any transaction with any director, officer, employee or holder of more than five percent (5%) of the outstanding capital stock of any class or series of capital stock of the Corporation or any of its subsidiaries, member of the family of any such person, or any corporation, partnership, trust or other entity in which any such person, or member of the family of any such person, is a director, officer, trustee, partner or holder of more than five percent (5%) of the outstanding capital stock thereof, except for transactions on customary terms related to such person's provision of services to the Corporation; (x) enter into any transaction or series of related transactions deemed to be a Liquidation of a Liquidation Fortinet Entity pursuant to Article IV, Section (B)(2)(d) above; (xi) divest a direct or indirect subsidiary of the Corporation (and shall not transfer any voting securities therein (except in the ordinary course of business or of an immaterial amount)) the assets of which (together with its direct or indirect subsidiaries) constitute all or

substantially all of the assets of the Corporation (as determined on a consolidated basis together with all of the Corporation's direct and indirect subsidiaries) ("Significant Subsidiary") of any of such Significant Subsidiary's material assets (except in the ordinary course of business), including, but not limited to, any material intellectual property assets; (xii) take any action with respect to a Significant Subsidiary that would be likely to materially and adversely affect the business, properties, operations or condition, financial or otherwise, of the Corporation; or (xiii) transfer a material portion of the Corporation's assets (except in the ordinary course of business) to any of the Corporation's direct or indirect subsidiaries.

4. Conversion. The holders of the Preferred Stock shall have conversion rights as follows (the "Conversion Rights"):

(a) Right to Convert. The Preferred Stock shall only be convertible, and shall convert, as provided in Article IV, Sections (B)4(b) and (c) hereof. Upon any such conversion, each share of Preferred Stock shall be convertible at the office of the Corporation or any transfer agent for such stock into such number of fully paid and non-assessable shares of Common Stock as is determined by dividing (i) $0.25 for the Series A Preferred Stock, (ii) $0.60 for the Series B Preferred Stock, (iii) $1.50 for the Series C Preferred Stock, (iv) $2.00 for the Series D Preferred Stock, or (v) $5.00 for the Series E Preferred Stock by the then-applicable Conversion Price applicable to such share, determined as hereinafter provided. The price at which shares of Common Stock shall be deliverable upon conversion of shares of the Preferred Stock (the "Conversion Price") initially shall be (i) $0.25 per share of Common Stock for the Series A Preferred Stock, (ii) $0.60 per share of Common Stock for the Series B Preferred Stock, (iii) $1.50 per share of Common Stock for the Series C Preferred Stock, (iv) $2.00 per share of Common Stock for the Series D Preferred Stock, and (v) $5.00 per share of Common Stock for the Series E Preferred Stock. Such initial Conversion Price shall be adjusted as hereinafter provided.

(b) Voluntary Conversion. Each share of Preferred Stock shall be convertible, at the option of the holder thereof, at any time after the date of issuance of such share, at the office of the Corporation or any transfer agent for such stock, into shares of Common Stock at the then-applicable Conversion Price in effect on the date the certificate is surrendered for conversion.

(c) Automatic Conversion. Each share of Preferred Stock shall automatically be converted into shares of Common Stock at the then-effective Conversion Price for such series of Preferred Stock upon a vote by the holders of at least seventy-five percent (75%) of the then outstanding shares of Preferred Stock (voting as a single class and not as separate series, and on an as converted to Common Stock basis). Each share of Preferred Stock shall also automatically be converted into shares of Common Stock at the then-effective Conversion Price upon the closing of the sale of the Corporation's Common Stock in a firm commitment, underwritten public offering with proceeds to the Corporation of at least $20,000,000 registered under the Securities Act of 1933, as amended (the "Securities Act") (such offering, a "Qualified Public Offering")

(other than a registration relating solely to a transaction under Rule 145 of such Securities Act (or any successor thereto) or to an employee benefit plan of the Corporation).

(d) Mechanics of Conversion. Before any holder of Preferred Stock shall be entitled to receive certificates representing such holder's shares of Common Stock, such holder shall surrender the certificate or certificates evidencing such holder's Preferred Stock, duly endorsed, at the office of the Corporation or of any transfer agent for such Preferred Stock, and, in the event of voluntary conversion pursuant to Article IV, Section (B)4(b), shall give written notice to the Corporation at such office that he elects to convert the same and shall state therein the name or names in which he wishes the certificate or certificates for shares of Common Stock to be issued. The Corporation shall, as soon as practicable thereafter, issue and deliver at such office to such holder of Preferred Stock, a certificate or certificates for the number of shares of Common Stock to which such holder shall be entitled as aforesaid. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of surrender of the certificate representing the shares of Preferred Stock to be converted, and the person or persons entitled to receive the shares of Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Common Stock on such date. If the conversion is in connection with an underwritten offering of securities registered pursuant to the Securities Act, the conversion may, at the option of any holder tendering Preferred Stock for conversion, be conditioned upon the closing with the underwriters of the sale of securities pursuant to such offering, in which event the persons entitled to receive the Common Stock upon conversion of the Preferred Stock shall not be deemed to have converted such Preferred Stock until immediately prior to the closing of such sale of securities. In the event of an automatic conversion in connection with a Qualified Public Offering, such conversion shall be deemed to have been made immediately prior to the closing of the sale of securities by the Company to the underwriters and shall occur without any further action by the holders of such shares and whether or not the certificates representing such shares are surrendered to the Corporation or its transfer agent.

(e) Adjustments to Conversion Price for Certain Diluting Issues.

(i) Special Definitions. For purposes of this paragraph 4(e), the following definitions apply:

(A) "Options" shall mean rights, options, or warrants to subscribe for, purchase or otherwise acquire either Common Stock or Convertible Securities (defined below).

(B) "Original Issue Date" shall mean the date on which a share of Series E Preferred Stock was first issued.

(C) "Convertible Securities" shall mean any evidences of indebtedness, shares or other securities convertible into or exchangeable for Common Stock.

(D) "Additional Shares of Common Stock" shall mean any shares of Common Stock issued (or deemed to have been issued pursuant to subsection 4(e)(iii)) by the Corporation on or after the Original Issue Date; provided that the term "Additional Shares of Common Stock" does not include: (1) Common Stock issued upon conversion of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock or Series E Preferred Stock; (2) securities issued to employees, consultants, officers or directors of the Corporation pursuant to any stock grant, stock option plan, stock purchase plan or other employee stock incentive program approved by the Corporation's Board of Directors; (3) securities issued in any Qualified Public Offering; (4) securities issued pursuant to the acquisition by merger, purchase of assets, or other reorganization, of another corporation by the Corporation whereby the stockholders of the Corporation will own greater than 50% of the voting power of the surviving entity and which has been approved by the Series D Director; (5) securities issued in connection with any equipment lease financing transaction, equipment purchase transaction, real estate leases or bank financing transaction approved by the Board of Directors, provided that such issuance is primarily for other than equity financing purposes; (6) securities issued to corporate or strategic partners pursuant to transactions approved by the Board of Directors, provided that such issuance is primarily for other than equity financing purposes and does not exceed two percent (2%) of the then outstanding shares of capital stock of the Corporation in any twelve-month period (calculated as of the date of the beginning of such twelve-month period and as may be adjusted from time to time for stock splits, stock dividends, combinations, subdivisions, recapitalizations or the like); (7) shares of Common Stock or Preferred Stock issued in connection with any stock split, stock dividend, or recapitalization of the Corporation; or (8) warrants to purchase Series E Preferred Stock outstanding on the Original Issue Date and any securities issuable or issued upon exercise, conversion or exchange of such warrants.

(ii) No Adjustment of Conversion Price. Notwithstanding anything to the contrary, no adjustment of the Conversion Price shall be made in respect of the issuance of Additional Shares of Common Stock unless the consideration per share (determined pursuant to Article IV, Section 4(e)(v) hereof) for an Additional Share of Common Stock issued or deemed to be issued by the Corporation is less than the Conversion Price applicable to a series of Preferred Stock in effect immediately prior to such issue.

(iii) Deemed Issue of Common Stock. In the event the Corporation at any time or from time to time on or after the Original Issue Date shall issue any Options or Convertible Securities or shall fix a record date for the determination of holders of any class of securities entitled to receive any such Options or Convertible Securities, then the maximum number of shares (as set forth in the instrument relating thereto without regard to any provisions contained therein for a subsequent adjustment of such number) of Common Stock issuable upon the exercise of such Options or, in the case of Convertible Securities, the conversion or exchange of such Convertible Securities, shall be deemed to be issued as of the time of such issue or, in case such a record date shall have been fixed, as of the close of business on such record date.

(A) If such Options or Convertible Securities by their terms provide, with the passage of time or otherwise, for any change in the consideration payable to the Corporation, or change in the number of shares of Common Stock issuable, upon the exercise, conversion or exchange thereof, the Conversion Price computed upon the original issue thereof (or upon the occurrence of a record date with respect thereto), and any subsequent adjustments based thereon, shall, upon any such change becoming effective, be recomputed to reflect such change insofar as it affects such Options or the rights of conversion or exchange under such Convertible Securities; provided however, no further adjustment shall be made for the actual issuance of Common Stock or any payment of such consideration upon the exercise of any such Options or rights or the conversion or exchange of such securities.

(B) No readjustment pursuant to clause (A) above shall have the effect of increasing the Conversion Price to an amount which exceeds the lower of (1) the Conversion Price on the original adjustment date, or (2) the Conversion Price that would have resulted from any issuance of Additional Shares of Common Stock between the original adjustment date and such readjustment date.

(C) Upon the expiration of any such Options or rights, the termination of any such rights to convert or exchange or the expiration of any Options or rights related to such convertible or exchangeable securities, any Conversion Price of the Preferred Stock, to the extent in any way affected by or computed using such Options, rights or securities or Options or rights related to such securities, shall be recomputed to reflect the issuance of only the number of shares of Common Stock (and convertible or exchangeable securities that remain in effect) actually issued upon the exercise of such Options or rights, upon the conversion or exchange of such securities or upon the exercise of the Options or rights related to such securities.

(iv) Adjustment of Conversion Price Upon Issuance of Additional Shares of Common Stock. In the event this Corporation, at any time on or after the Original Issue Date, shall issue Additional Shares of Common Stock without consideration or for a consideration per share less than the Conversion Price applicable to a series of Preferred Stock in effect on the date of and immediately prior to such issue (such Additional Shares of Common Stock, hereinafter, the "Issued Additional Shares of Common Stock"), then and in such event, the Conversion Price for each such series in effect immediately prior to each such issuance shall be reduced, concurrently with such issue, to a price (calculated to the nearest cent with one-half being rounded upward) determined by multiplying such Conversion Price by a fraction, the numerator of which shall be the number of Shares outstanding (as defined below) immediately prior to such issuance plus the number of shares of Common Stock which the aggregate consideration received by the Corporation for the total number of Issued Additional Shares of Common Stock would purchase at such Conversion Price in effect immediately prior to such issuance, and the denominator of which shall be the number of Shares outstanding immediately prior to such issuance plus the number of the Issued Additional Shares of Common Stock so issued.

For the purposes of this Section 4(e)(iv), "the number of Shares outstanding" shall include only (1) the number of shares of Common Stock issuable upon conversion of the Preferred Stock outstanding and (2) one-half of the number of shares of Common Stock outstanding (giving no effect to the provisions of Section 4(e)(iii) hereof). For the purposes of adjusting the Conversion Price of the Preferred Stock, the issue of Additional Shares of Common Stock issued at the same price at two or more closings pursuant to the same instruments shall be aggregated and shall be treated as one issue of Additional Shares of Common Stock occurring on the earliest date on which such securities were issued.

(v) Determination of Consideration. For purposes of this Article IV, Section 4(e), the consideration received by the Corporation for the issue of any Additional Shares of Common Stock shall be computed as follows:

(A) insofar as it consists of cash, be computed at the aggregate amount of cash received by the Corporation excluding amounts paid or payable for accrued interest or accrued dividends;

(B) insofar as it consists of property other than cash, be computed at the fair value thereof at the time of such issue, as determined in good faith by the Board of Directors; and

(C) in the event Additional Shares of Common Stock are issued together with other shares or securities or other assets of the Corporation for consideration comprised of cash and property other than cash, be the proportion of such consideration so received, computed as provided in Article IV, Sections 4(e)(v)(A) and 4(e)(v)(B) above, as determined in good faith by the Board of Directors.

(f) Adjustments to Conversion Prices for Combinations or Subdivisions of Common Stock. In the event that the Corporation at any time or from time to time on or after the Original Issue Date shall declare or pay any dividend on the Common Stock payable in Common Stock or in any right to acquire Common Stock, or shall effect a subdivision of the outstanding shares of Common Stock into a greater number of shares of Common Stock (by stock split, reclassification or otherwise than by payment of a dividend in Common Stock or in any right to acquire Common Stock), or in the event the outstanding shares of Common Stock shall be combined or consolidated, by reclassification or otherwise, into a lesser number of shares of Common Stock, then the Conversion Price for each series of Preferred Stock in effect immediately prior to such event shall, concurrently with the effectiveness of such event, be proportionately decreased or increased, as appropriate.

(g) Other Distributions. In the event the Corporation shall declare a distribution payable in securities of other persons, evidences of indebtedness issued by the Corporation or other persons, assets (excluding cash dividends) or options or rights not referred to in subsection 4(f), then, in each such case for the purpose of this subsection 4(g), the holders of the Preferred Stock shall be entitled to a proportionate share of any such distribution as though they were the holders of the number of shares of

Common Stock of the Corporation into which their shares of Preferred Stock are convertible as of the record date fixed for the determination of the holders of Common Stock of the Corporation entitled to receive such distribution.

(h) No Impairment. Other than pursuant to the provisions of Section 3 hereof, the Corporation will not, by amendment of this Certificate or through any reorganization, recapitalization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Corporation, but will at all times in good faith assist in the carrying out of all the provisions of this Section and in the taking of all such action as may be necessary or appropriate in order to protect the rights of the holders of the Preferred Stock under this Article IV, Section 4 against impairment.

(i) Issue Taxes. The Corporation shall pay any and all issue and other taxes that may be payable in respect of any issue or delivery of shares of Common Stock on conversion of shares of Preferred Stock pursuant hereto; provided, however, that the Corporation shall not be obligated to pay any transfer taxes resulting from any transfer requested by any holder in connection with any such conversion.

(j) Reservation of Stock Issuable Upon Conversion. The Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock, solely for the purpose of effecting the conversion of the shares of the Preferred Stock, such number of its shares of Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding shares of the Preferred Stock; and if at any time the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of all then outstanding shares of the Preferred Stock, the Corporation will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purpose, including, without limitation, engaging in best efforts to obtain the requisite stockholder approval of any necessary amendment to this Certificate.

(k) Fractional Shares. No fractional share shall be issued upon the conversion of any share or shares of Preferred Stock. All shares of Common Stock (including fractions thereof) issuable upon conversion of more than one share of Preferred Stock by a holder thereof shall be aggregated for purposes of determining whether the conversion would result in the issuance of any fractional share. If, after the aforementioned aggregation, the conversion would result in the issuance of a fraction of a share of Common Stock, the Corporation shall, in lieu of issuing any fractional share, pay the holder otherwise entitled to such fraction a sum in cash equal to the fair market value of such fraction on the date of conversion (as determined in good faith by the Board of Directors).

(l) Notices. Any notice required by the provisions of this Section to be given to the holders of shares of Preferred Stock shall be deemed given if

deposited in the United States mail, postage prepaid, and addressed to each holder of record at his address appearing on the books of the Corporation.

(m) Adjustments. Other than as provided for in Section 2 and elsewhere in this Section 4, in case of any reorganization or any reclassification of the capital stock of the Corporation, any consolidation or merger of the Corporation with or into another corporation or corporations, or the conveyance of all or substantially all of the assets of the Corporation to another corporation, each share of Preferred Stock shall thereafter be convertible into the number of shares of stock or other securities or property (including cash) to which a holder of the number of shares of Common Stock deliverable upon conversion of such share of Preferred Stock would have been entitled upon the record date of (or date of, if no record date is fixed) such reorganization, reclassification, consolidation, merger or conveyance, and, in any case, appropriate adjustment (as determined by the Board of Directors) shall be made in the application of the provisions herein set forth with respect to the rights and interests thereafter of the holders of the Preferred Stock, to the end that the provisions set forth herein shall thereafter be applicable, as nearly as equivalent as is practicable, in relation to any shares of stock or the securities or property (including cash) thereafter deliverable upon the conversion of the shares of such Preferred Stock.

(n) Certificate as to Adjustments. Upon the occurrence of each adjustment or readjustment of the Conversion Price of Preferred Stock pursuant to this Section 4, the Corporation, at its expense, shall promptly compute such adjustment or readjustment in accordance with the terms hereof and prepare and furnish to each holder of Preferred Stock a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. The Corporation shall, upon the written request at any time of any holder of Preferred Stock, furnish or cause to be furnished to such holder a like certificate setting forth (A) such adjustment and readjustment, (B) the Conversion Price for such series of Preferred Stock at the time in effect, and (C) the number of shares of Common Stock and the amount, if any, of other property that at the time would be received upon the conversion of a share of Preferred Stock.

(o) No Reissuance of Preferred Stock. No shares of Preferred Stock acquired by the Company by reason of redemption, purchase, conversion or otherwise shall be reissued.

ARTICLE V

Except as otherwise provided in this Certificate, in furtherance and not in limitation of the powers conferred by statute, the Board of Directors is authorized to make, alter or repeal the Bylaws of the Corporation. Election of directors need not be by written ballot unless the Bylaws of the Corporation shall so provide.

ARTICLE VI

A. To the fullest extent permitted by the General Corporation Law of the State of Delaware, as the same may be amended from time to time, a director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director. If the General Corporation Law of the State of Delaware is hereafter amended to authorize further reductions in the liability of the Corporation's directors for breach of fiduciary duty, then a director of the Corporation shall not be liable for any such breach to the fullest extent permitted by the General Corporation Law of the State of Delaware, as so amended.

B. Any repeal or modification of the foregoing provisions of this Article VI shall not adversely affect any right or protection of a director of the Corporation existing at the time of, or increase the liability of any director of the Corporation with respect to any acts or omissions of such director occurring prior to, such repeal or modification.

ARTICLE VII

A. To the fullest extent permitted by applicable law, the Corporation is also authorized to provide indemnification of (and advancement of expenses to) directors, officers, agents (and any other persons to which Delaware law permits the Corporation to provide indemnification) through bylaw provisions, agreements with such agents or other persons, vote of stockholders or disinterested directors or otherwise, in excess of the indemnification and advancement otherwise permitted by Section 145 of the General Corporation Law of the State of Delaware, subject only to limits created by applicable Delaware law, with respect to actions for breach of any duty to a corporation, its stockholders, or others.

B. Any repeal or modification of any of the foregoing provisions of this Article VII shall not adversely affect any right or protection of a director, officer, agent or other person existing at the time of, or increase the liability of any director, officer, agent or other person of the Corporation with respect to any acts or omissions of such director, officer, agent or other person occurring prior to, such repeal or modification.

****

This Amended and Restated Certificate of Incorporation was duly adopted by the Board of Directors of the Corporation in accordance with Sections 242 and 245 of the General Corporation Law of the State of Delaware and was approved by the holders of the requisite number of shares of the Corporation in accordance with Section 228 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, this Amended and Restated Certificate of Incorporation is executed on behalf of the Corporation by its President on April 18, 2006.

/s/ Ken Xie

Ken Xie, President

CERTIFICATE OF AMENDMENT TO

AMENDED AND RESTATED CERTIFICATE OF INCORPORATION OF

FORTINET, INC.

Fortinet, Inc., a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), hereby certifies as follows:

FIRST: The name of the Corporation is Fortinet, Inc. The Corporation was originally incorporated under the name "Appligation, Inc." The Corporation's original Certificate of Incorporation was filed with the Secretary of State of the State of Delaware on November 28, 2000.

SECOND: This Certificate of Amendment was duly adopted by the Corporation's directors and stockholders in accordance with the applicable provisions of Section 242 of the Delaware General Corporation Law.

THIRD: The second sentence of Section A of Article IV of the Amended and Restated Certificate of Incorporation of the Corporation is hereby amended to read as follows:

"The total number of shares that the Corporation is authorized to issue is One Hundred Twenty-Two Million Five Hundred Thousand (122,500,000) shares, of which Eighty-Two Million (82,000,000) shares shall be Common Stock with a par value of $0.001 per share and Forty Million Five Hundred Thousand (40,500,000) shares shall be Preferred Stock with a par value of $0.001 per share."

FOURTH: Section B.2(b) of Article IV of the Amended and Restated Certificate of Incorporation of the Corporation is hereby amended to read as follows:

"The number of members that shall comprise the whole Board of Directors shall be fixed at nine (9)."

IN WITNESS WHEREOF, Fortinet, Inc. has caused this Certificate of Amendment to be signed by a duly authorized officer of the Corporation, on March 11, 2008.

/s/ John Whittle

Name: John Whittle
Title: Vice President, General Counsel and Secretary

Exhibit 3.2

FORTINET, INC.

AMENDED AND RESTATED CERTIFICATE OF INCORPORATION

Fortinet, Inc., a corporation organized and existing under the laws of the State of Delaware, hereby certifies as follows:

A. That the name of the Corporation is Fortinet, Inc. and that this corporation was originally incorporated pursuant to the General Corporation Law on November 28, 2000, under the name "Appligation, Inc." changed its name to "ApSecure, Inc." pursuant to a Certificate of Amendment of Certificate of Incorporation filed on December 12, 2000, changed its name to "FortiNet, Inc." pursuant to a Certificate of Amendment of Certificate of Incorporation filed on December 6, 2001, and subsequently changed its name of "Fortinet, Inc." pursuant to an Amended and Restated Certificate of Incorporation filed on August 15, 2003.

B. The Corporation filed Amended and Restated Certificate of Incorporation with the Secretary of State of the State of Delaware on May 29, 2001, May 30, 2002 and August 1, 2003, and filed a Certificate of Amendment of Certificate of Incorporation on March 12, 2008.

C. This Amended and Restated Certificate of Incorporation was duly adopted in accordance with Sections 242 and 245 of the General Corporation Law of the State of Delaware (the "**DGCL**"), and has been duly approved by the written consent of the stockholders of the corporation in accordance with Section 228 of the DGCL.

D. The Certificate of Incorporation of the corporation is hereby amended and restated in its entirety to read as follows:

ARTICLE I

The name of the corporation is Fortinet, Inc.

ARTICLE II

The address of the corporation's registered office in the State of Delaware is 2711 Centerville Road, Suite 400, in the City of Wilmington 19808, County of New Castle. The name of its registered agent at such address is Corporation Services Company.

ARTICLE III

The purpose of the corporation is to engage in any lawful act or activity for which corporations may be organized under the DGCL.

ARTICLE IV

The corporation shall have authority to issue shares as follows:

300,000,000 shares of Common Stock, par value $0.001 per share. Each share of Common Stock shall entitle the holder thereof to one (1) vote on each matter submitted to a vote at a meeting of stockholders.

10,000,000 shares of Preferred Stock, par value $0.001 per share, which may be issued from time to time in one or more series pursuant to a resolution or resolutions providing for such issue duly adopted by the Board of Directors (authority to do so being hereby expressly vested in the Board of Directors). The Board of Directors is further authorized, subject to limitations prescribed by law, to fix by resolution or resolutions the designations, powers, preferences and rights, and the qualifications, limitations or restrictions thereof, of any wholly unissued series of Preferred Stock, including without limitation authority to fix by resolution or resolutions the dividend rights, dividend rate, conversion rights, voting rights, rights and terms of redemption (including sinking fund provisions), redemption price or prices, and liquidation preferences of any such series, and the number of shares constituting any such series and the designation thereof, or any of the foregoing.

The Board of Directors is further authorized to increase (but not above the total number of authorized shares of the class) or decrease (but not below the number of shares of any such series then outstanding) the number of shares of any series, the number of which was fixed by it, subsequent to the issuance of shares of such series then outstanding, subject to the powers, preferences and rights, and the qualifications, limitations and restrictions thereof stated in the Certificate of Incorporation or the resolution of the Board of Directors originally fixing the number of shares of such series. If the number of shares of any series is so decreased, then the shares constituting such decrease shall resume the status which they had prior to the adoption of the resolution originally fixing the number of shares of such series.

ARTICLE V

The number of directors that constitutes the entire Board of Directors of the corporation shall be fixed by, or in the manner provided in, the Bylaws of the corporation. At each annual meeting of stockholders, directors of the corporation shall be elected to hold office until the expiration of the term for which they are elected and until their successors have been duly elected and qualified or until their earlier resignation or removal; except that if any such election shall not be so held, such election shall take place at a stockholders' meeting called and held in accordance with the DGCL.

Effective upon the effective date of the corporation's initial public offering (the "**Effective Date**"), the directors of the corporation shall be divided into three classes as nearly equal in size as is practicable, hereby designated Class I, Class II and Class III. The Board of Directors may assign members of the Board of Directors already in office to such classes at the time such classification becomes effective. The term of office of the initial Class I directors shall expire at the first regularly-scheduled annual meeting of the stockholders following the Effective Date, the term of office of the initial Class II directors shall expire at the second annual meeting of the stockholders following the Effective Date and the term of office of the initial Class III directors shall expire at the third annual meeting of the stockholders following the Effective Date. At each annual meeting of stockholders, commencing with the first regularly-scheduled annual meeting of stockholders following the Effective Date, each of the successors elected to replace the directors of a Class whose term shall have expired at such annual meeting shall be elected to hold office until the third annual meeting next succeeding his or her election and until his or her respective successor shall have been duly elected and qualified.

Notwithstanding the foregoing provisions of this Article, each director shall serve until his or her successor is duly elected and qualified or until his or her death, resignation, or removal. If the number of directors is hereafter changed, any newly created directorships or decrease in directorships shall be so apportioned among the classes as to make all classes as nearly equal in number as is practicable, provided that no decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director.

Any director may be removed from office by the stockholders of the corporation only for cause. Vacancies occurring on the Board of Directors for any reason and newly created directorships resulting from an increase in the authorized number of directors may be filled only by vote of a majority of the remaining members of the Board of Directors, although less than a quorum, or by a sole remaining director, at any meeting of the Board of Directors. A person so elected by the Board of Directors to fill a vacancy or newly created directorship shall hold office until the next election of the class for which such director shall have been chosen and until his or her successor shall be duly elected and qualified.

ARTICLE VI

In furtherance and not in limitation of the powers conferred by statute, the Board of Directors of the corporation is expressly authorized to adopt, amend or repeal the Bylaws of the corporation.

ARTICLE VII

Elections of directors need not be by written ballot unless the Bylaws of the corporation shall so provide.

ARTICLE VIII

No action shall be taken by the stockholders of the corporation except at an annual or special meeting of the stockholders called in accordance with the Bylaws, and no action shall be taken by the stockholders by written consent.

ARTICLE IX

To the fullest extent permitted by the DGCL, as it presently exists or may hereafter be amended from time to time, a director of the corporation shall not be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director. If the DGCL is amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the corporation shall be eliminated or limited to the fullest extent permitted by the DGCL, as so amended.

The corporation shall indemnify, to the fullest extent permitted by applicable law, any director or officer of the corporation 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, administrative or investigative (a "**Proceeding**") by reason of the fact that he or she is or was a director, officer, employee or agent of the corporation or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with any such Proceeding. The corporation shall be required to indemnify a person in connection with a Proceeding initiated by such person only if the Proceeding was authorized by the Board.

The corporation shall have the power to indemnify, to the extent permitted by the DGCL, as it presently exists or may hereafter be amended from time to time, any employee or agent of the corporation who was or is a party or is threatened to be made a party to any Proceeding by reason of the fact that he or she is or was a director, officer, employee or agent of the corporation or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with any such Proceeding.

Neither any amendment nor repeal of this Article IX, nor the adoption of any provision of this corporation's Certificate of Incorporation inconsistent with this Article IX, shall eliminate or reduce the effect of this Article IX in respect of any matter occurring, or any cause of action, suit or proceeding accruing or arising or that, but for this Article IX, would accrue or arise, prior to such amendment, repeal or adoption of an inconsistent provision.

ARTICLE X

The corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation (including any rights, preferences or other designations of Preferred Stock), in the manner now or hereafter prescribed by this Certificate of Incorporation and the DGCL; and, except as set forth in Article IX, all rights, preferences and privileges herein conferred upon stockholders, directors or any other persons by and pursuant to this Certificate of Incorporation in its present form or as hereafter amended are granted subject to the right reserved in this Article X, *provided*, *however*, that, notwithstanding any other provision of this Certificate of Incorporation, and in addition to any other vote that may be required by law or any Preferred Stock, the affirmative vote of the holders of at least 66 ²/₃% of the voting power of all then outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class, shall be required to amend, alter or repeal, or adopt any provision as part of this Certificate of Incorporation inconsistent with the purpose and intent of, Article V, Article VI, Article VIII or this Article X (including, without limitation, any such Article as renumbered as a result of any amendment, alteration, change, repeal or adoption of any other Article).

IN WITNESS WHEREOF, Fortinet, Inc. has caused this Amended and Restated Certificate of Incorporation to be signed by the President and Chief Executive Officer of the corporation on this _____ day of _____ 2009.

By: _____
Ken Xie
President and Chief Executive Officer

BYLAWS

OF

FORTINET, INC.

BYLAWS
OF
FORTINET, INC.

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BYLAWS
OF
FORTINET, INC.
SUMMARY OF AMENDMENTS

Section	Effect of Amendment	Date of Amendment

BYLAWS
OF
FORTINET, INC.

ARTICLE I - OFFICES

Section 1: Principal Offices. The Board of Directors (the "Board") of the Corporation shall fix the location of the principal executive office of the Corporation at any place within or without the State of Delaware.

Section 2: Other Offices. The Corporation may also have offices at such other places as the Board may from time to time designate, or as the business of the Corporation may require.

ARTICLE II - STOCKHOLDERS

Section 1: Place of Meetings. All meetings of the stockholders shall be at any place within or without the State of Delaware designated by the Board or by unanimous written consent of all the persons entitled to vote thereat. In the absence of any such designation, stockholders' meetings shall be held at the principal executive office of the Corporation.

Section 2: Annual Meetings. The annual meeting of the stockholders shall be held each year on a date and at a time designated by the Board. The date so designated shall be within thirteen (13) months after the last annual meeting. At each annual meeting, there shall be elected a Board to serve during the ensuing year and until their successors are duly elected and qualified, and such other business shall be transacted as shall properly come before the meeting. If the annual meeting of the stockholders is not held as herein prescribed, the election of directors may be held at any meeting thereafter called pursuant to these Bylaws.

Section 3: Special Meetings. Special meetings of stockholders may be called at any time by the Board. Special meetings of stockholders shall be called by the President or Secretary upon the written request of one or more stockholders who hold in the aggregate at least ten percent (10%) of the shares of the capital stock entitled to vote at the meeting; such request must state the purpose or purposes of the proposed meeting. Business transacted at any special meeting of stockholders shall be limited to matters relating to the purpose or purposes stated in the notice of meeting.

Section 4: Notice of Meetings. Except as otherwise provided by law, written notice of each meeting of stockholders, whether annual or special, shall be given not less than ten (10) nor more than sixty (60) days before the date of the meeting to each stockholder entitled to vote at such meeting. The notices of all meetings shall state the place, date and hour of the meeting. The notice of a special meeting shall state, in addition, the purpose or purposes for which the meeting is called. If mailed, notice is given when deposited in the United States mail, postage prepaid, directed to the stockholder at his address as it appears on the records of the Corporation,

meeting is called. If mailed, notice is given when deposited in the United States mail, postage prepaid, directed to the stockholder at his address as it appears on the records of the Corporation.

Section 5: Record Date. The Board may fix in advance a date as a record date for the determination of the stockholders entitled to notice of or to vote at any meeting of stockholders or to express consent (or dissent) to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action. Such record date shall not be more than sixty (60) nor less than ten (10) days before the date of such meeting, nor more than sixty (60) days prior to any other action to which such record date relates.

If no record date is fixed, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day before the day on which notice is given, or, if notice is waived, at the close of business on the day before the day on which the meeting is held. The record date for determining stockholders entitled to express consent to corporate action in writing without a meeting, when no prior action by the Board is necessary, shall be the day on which the first written consent is expressed. The record date for determining stockholders for any other purpose shall be at the close of business on the day on which the Board adopts the resolution relating to such purpose.

A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board may fix a new record date for the adjourned meeting.

Section 6: Quorum. Except as otherwise provided by law, the Certificate of Incorporation or these Bylaws, the holders of a majority of the shares of the capital stock of the Corporation issued and outstanding and entitled to vote at the meeting, present in person or represented by proxy, shall constitute a quorum for the transaction of business.

Section 7: Adjournments. Any meeting of stockholders may be adjourned to another time and to any other place at which a meeting of stockholders may be held under these Bylaws by the stockholders present or represented at the meeting and entitled to vote, although less than a quorum, or, if no stockholder is present, by any officer entitled to preside at or to act as Secretary of such meeting. It shall not be necessary to notify any stockholder of any adjournment of less than thirty (30) days if the time and place of the adjourned meeting are announced at the meeting at which adjournment is taken, unless after the adjournment a new record date is fixed for the adjourned meeting. At the adjourned meeting, the Corporation may transact any business which might have been transacted at the original meeting.

Section 8: Voting and Proxies. Each stockholder shall have one vote for each share of stock entitled to vote held of record by such stockholder and a proportionate vote for each fractional share so held, unless otherwise provided in the Certificate of Incorporation. Each stockholder of record entitled to vote at a meeting of stockholders, or to express consent or dissent to corporate action in writing without a meeting, may vote or express such consent or

dissent in person or may authorize another person or persons to vote or act for him by written proxy executed by the stockholder or his authorized agent and delivered to the Secretary of the Corporation. No such proxy shall be voted or acted upon after three years from the date of its execution, unless the proxy expressly provides for a longer period.

Section 9: Action at Meeting. When a quorum is present at any meeting, the holders of a majority of the stock present or represented and voting on a matter (or if there are two or more classes of stock entitled to vote as separate classes, then in the case of each such class, the holders of a majority of the stock of that class present or represented and voting on a matter) shall decide any matter to be voted upon by the stockholders at such meeting, except when a different vote is required by express provision of law, the Certificate of Incorporation or these Bylaws. Any election by stockholders shall be determined by a plurality of the votes cast by the stockholders entitled to vote at the election.

Section 10: Action Without Meeting. Any action required or permitted to be taken at any annual or special meeting of stockholders of the Corporation may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, is signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote on such action were present and voted. Prompt notice of the taking of corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing.

ARTICLE III - DIRECTORS

Section 1: General Powers. The business and affairs of the Corporation shall be managed by or under the direction of a Board, who may exercise all of the powers of the Corporation except as otherwise provided by law, the Certificate of Incorporation or these Bylaws. In the event of a vacancy in the Board, the remaining directors, except as otherwise provided by law, may exercise the powers of the full Board until the vacancy is filled.

Section 2: Number; Election; Tenure and Qualification. The Board shall consist of not less than 2 nor more than 7 directors. The board of directors or stockholders shall fix the exact number of directors in the manner provided in these Bylaws, within the limits specified above. Each director shall be elected by the stockholders at the annual meeting and shall hold office until the next annual meeting and until his successor is elected and qualified, or until his earlier death, resignation or removal. Directors need not be stockholders of the Corporation.

Section 3: Regular Meetings. Regular meetings of the Board may be held without notice at such time and place, within or without the State of Delaware, as shall be determined from time to time by the Board; provided that any director who is absent when such a determination is made shall be given notice of the determination. A regular meeting of the Board may be held without notice immediately after and at the same place as the annual meeting of stockholders.

Section 4: Special Meetings. Special meetings of the Board may be held at any time and place, within or without the State of Delaware, designated in a call by the Chairman of the Board, President, two or more directors, or by one director in the event that there is only a single director in office.

Section 5: Notice of Special Meetings. Notice of any special meeting of directors shall be given to each director by the Secretary or by the officer or one of the directors calling the meeting. Notice shall be given to each director in person, by telephone or by telegram sent to their business or home address at least forty-eight (48) hours in advance of the meeting, or by written notice mailed to his business or home address at least seventy-two (72) hours in advance of the meeting. A notice or waiver of notice of a meeting of the Board need not specify the purposes of the meeting.

Section 6: Place of Meetings. Meetings of the Board may be held at any place within or without the State of Delaware, which has been designated in the notice, or if not stated in the notice or there is no notice, the principal executive office of the Corporation or as designated by the resolution duly adopted by the Board.

Section 7: Meetings by Telephone Conference Calls. Directors or any members of any committee designated by the directors may participate in a meeting of the Board or such committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation by such means shall constitute presence in person at such meeting.

Section 8: Quorum. A majority of the number of directors fixed pursuant to Section 2 of this Article III shall constitute a quorum at all meetings of the Board; provided, however, if there is only one (1) director then in office, one (1) director shall constitute a quorum. In the absence of a quorum at any such meeting, a majority of the directors present may adjourn the meeting from time to time without further notice other than announcement at the meeting, until a quorum shall be present.

Section 9: Action at Meeting. At any meeting of the Board at which a quorum is present, the vote of a majority of those present shall be sufficient to take any action, unless a different vote is specified by law, the Certificate of Incorporation or these Bylaws.

Section 10: Action Without Meeting. Any action required or permitted to be taken at any meeting of the Board or of any committee of the Board may be taken without a meeting, if all members of the Board or committee, as the case may be, consent to the action in writing, and the written consents are filed with the minutes of proceedings of the Board or committee.

Section 11: Removal. Any director or the entire Board may be removed, with or without cause, by the holders of a majority of the shares then entitled to vote at an election of directors.

Section 12: Vacancies. Unless and until filled by the stockholders, any vacancy in the Board, however occurring, including a vacancy resulting from an enlargement of the Board, may

be filled by vote of a majority of the directors then in office, although less than a quorum, or by a sole remaining director. A director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office, or a director chosen to fill a position resulting from an increase in the number of directors shall hold office until the next annual meeting of stockholders and until his successor is elected and qualified, or until his earlier death, resignation or removal.

Section 13: Resignation. Any director may resign by delivering his written resignation to the Corporation at its principal office or to the President or Secretary. Such resignation shall be effective upon receipt unless it is specified to be effective at some other time or upon the happening of some other event.

Section 14: Compensation for Directors. Directors may be paid such compensation for their services and such reimbursement for expenses of attendance at meetings as the Board may from time to time determine. No such payment shall preclude any director from serving the Corporation or any of its parent or subsidiary corporations in any other capacity and receiving compensation for such service.

Section 15: Committees. The Board may by resolution designate one or more committees, each committee to consist of one or more directors. The Board may designate one or more directors as alternate members of any committee, who may replace any absent member at any meeting of the committee. If a member of a committee is absent, the other member or members of the committee present at the meeting, whether or not such members constitute a quorum, may unanimously appoint another member of the Board to act at the meeting in the place of any such absent member. Any such committee, to the extent provided in the resolution of the Board and subject to Section 141 (c) of the General Corporation Law of the State of Delaware, shall have and may exercise all the powers and authority of the Board in the management of the business and affairs of the Corporation and may authorize the seal of the Corporation to be affixed to all papers which may require it. Each such committee shall keep minutes and make such reports as the Board may from time to time request. Except as the Board may otherwise determine, any committee may make rules for the conduct of its business, but unless otherwise provided by the directors or in such rules, its business shall be conducted as nearly as possible in the same manner as is provided in these Bylaws for the Board.

Section 16: Meetings and Action of Committees. Meetings and action of committees shall be governed by, and held and taken in accordance with, the provisions of Article III of these Bylaws dealing with meetings of directors, with such changes in the context of those Bylaws as are necessary to substitute the committee and its members for the Board and its members, except that the time of regular meetings of committees may be determined either by resolution of the Board or by resolution of the committee. Special meetings of committees may also be called by resolution of the Board, and notice of special meetings of committees shall also be given to all alternate members, who shall have the right to attend all meetings of the committee. The Board may adopt rules for the governance of any committee not inconsistent with the provisions of these Bylaws.

ARTICLE IV - OFFICERS

Section 1: Enumeration. The officers of the Corporation shall consist of a President and a Secretary, and such other officers with such other titles as the Board shall determine.

Section 2: Election. The President and Secretary shall be elected by the Board at its first meeting following the annual meeting of stockholders. Other officers may be appointed by the Board at such meeting or at any other meeting.

Section 3: Qualification. The President need not be a director. No officer need be a stockholder. Any two or more offices may be held by the same person.

Section 4: Tenure. Except as otherwise provided by law, by the Certificate of Incorporation or by these Bylaws, each officer shall hold office until his successor is elected and qualified, unless a different term is specified in the vote choosing or appointing him, or until his earlier death, resignation or removal.

Section 5: Resignation and Removal. Any officer may resign by delivering his written resignation to the Corporation at its principal office or to the President or Secretary. Such resignation shall be effective upon receipt unless it is specified to be effective at some other time or upon the happening of some other event.

The Board, or a committee duly authorized to do so, may remove any officer with or without cause. Except as the Board may otherwise determine, no officer who resigns or is removed shall have any right to any compensation as an officer for any period following his resignation or removal, or any right to damages on account of such removal, whether his compensation be by the month or by the year or otherwise, unless such compensation is expressly provided in a duly authorized written agreement with the Corporation.

Section 6: Vacancies. The Board may fill any vacancy occurring in any office for any reason and may, in its discretion, leave unfilled for such period as it may determine any offices other than those of President and Secretary. Each such successor shall hold office for the unexpired term of his predecessor and until his successor is elected and qualified, or until his earlier death, resignation or removal.

Section 7: Chairman of the Board and Vice-Chairman of the Board. If the Board appoints a Chairman of the Board, the Chairman shall, when present, preside at all meetings of the Board. The Chairman shall perform such duties and possess such powers as are usually vested in the office of the Chairman of the Board or as may be vested in him by the Board. If the Board appoints a Vice-Chairman of the Board, the Vice-Chairman shall, in the absence or disability of the Chairman of the Board, perform the duties and exercise the powers of the Chairman of the Board and shall perform such other duties and possess such other powers as may from time to time be vested in him by the Board.

Section 8: President. The President shall be the chief operating officer of the Corporation, unless otherwise directed by the Board. The President shall also be the chief executive officer of the Corporation unless such title is assigned to a Chairman of the Board.

The President shall, subject to the direction of the Board, have general supervision and control of the business of the Corporation. Unless otherwise provided by the directors, the President shall preside at all meetings of the stockholders and of the Board (except as provided in Section 7 of this Article IV). The President shall perform such other duties and shall have such other powers as the Board may from time to time prescribe.

Section 9: Vice Presidents. Any Vice President shall perform such duties and possess such powers as the Board or the President may from time to time prescribe. In the event of the absence, inability or refusal to act as the President, the Vice President (or if there shall be more than one, the Vice Presidents in the order determined by the Board) shall perform the duties of the President and when so performing shall have all the powers of and be subject to all the restrictions upon the President. The Board may assign to any Vice President the title of Executive Vice President, Senior Vice President or any other title selected by the Board.

Section 10: Secretary and Assistant Secretary. The Secretary shall perform such duties and shall have such powers as the Board or the President may from time to time prescribe. In addition, the Secretary shall perform such duties and have such powers as are incident to the office of the secretary, including without limitation the duty and power to give notices of all meetings of stockholders and special meetings of the Board, to attend all meetings of stockholders and the Board and keep a record of the proceedings, to maintain a stock ledger and prepare lists of stockholders and their addresses as required, to be custodian of corporate records and the corporate seal and to affix and attest to the same on documents.

Any Assistant Secretary shall perform such duties and possess such powers as the Board, the President or the Secretary may from time to time prescribe. In the event of the absence, inability or refusal to act of the Secretary, the Assistant Secretary (or if there shall be more than one, the Assistant Secretaries in the order determined by the Board) shall perform the duties and exercise the powers of the Secretary.

In the absence of the Secretary or any Assistant Secretary at any meeting of stockholders or directors, the person presiding at the meeting shall designate a temporary secretary to keep a record of the meeting.

Section 11: Treasurer and Assistant Treasurer. The Treasurer may also be designated by the alternate title of “Chief Financial Officer”. The Treasurer shall perform such duties and shall have such powers as may from time to time be assigned to him by the Board or the President. In addition, the Treasurer shall perform such duties and have such powers as are incident to the office of treasurer, including without limitation the duty and power to keep and be responsible for all funds and securities of the Corporation, to deposit funds of the Corporation in depositories selected in accordance with these Bylaws, to disburse such funds as ordered by the Board, to make proper accounts of such funds, and to render as required by the Board statements of all such transactions and of the financial condition of the Corporation.

The Assistant Treasurers shall perform such duties and possess such powers as the Board, the President or the Treasurer may from time to time prescribe. In the event of the absence,

inability or refusal to act of the Treasurer, the Assistant Treasurer (or if there shall be more than one, the Assistant Treasurers in the order determined by the Board) shall perform the duties and exercise the powers of the Treasurer.

Section 12: Controller and Assistant Controllers. The Controller shall be the chief accounting officer of the Corporation. The Controller shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation in accordance with accepted accounting methods and procedures. The Controller shall initiate periodic audits of the accounting records, methods and systems of the Corporation. The Controller shall render to the Board, the Chairman and the President, as and when required by them, or any of them, a statement of the financial condition of the Corporation.

The Assistant Controllers shall perform such duties and possess such powers as the Board, the President or the Controller may from time to time prescribe. In the event of the absence, inability or refusal to act of the Controller, the Assistant Controller (or if there shall be more than one, the Assistant Controllers in the order determined by the Board) shall perform the duties and exercise the powers of the Controller.

Section 13: Bonded Officers. The Board may require any officer to give the Corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the Board upon such terms and conditions as the Board may specify, including without limitation a bond for the faithful performance of his duties and for the restoration to the Corporation of all property in his possession or under his control belonging to the Corporation.

Section 14: Salaries. Officers of the Corporation shall be entitled to such salaries, compensation or reimbursement as shall be fixed or allowed from time to time by the Board.

ARTICLE V - CAPITAL STOCK

Section 1: Issuance of Stock. Unless otherwise voted by the stockholders and subject to the provisions of the Certificate of Incorporation, the whole or any part of any unissued balance of the authorized capital stock of the Corporation held in its treasury may be issued, sold, transferred or otherwise disposed of by vote of the Board in such manner, for such consideration and on such terms as the Board may determine.

Section 2: Certificates of Stock. Every holder of stock of the Corporation shall be entitled to have a certificate, in such form as may be prescribed by law and by the Board, certifying the number and class of shares owned by him in the Corporation. Each such certificate shall be signed by, or in the name of the Corporation by, the Chairman or Vice-Chairman, if any, of the Board, or the President or a Vice President, and the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary of the Corporation. Any or all of the signatures on the certificate may be a facsimile.

Each certificate for shares of stock which are subject to any restriction on transfer pursuant to the Certificate of Incorporation, the Bylaws, applicable securities laws or any

agreement among any number of stockholders or among such holders and the Corporation shall have conspicuously noted on the face or back of the certificate either the full text of the restriction or a statement of the existence of such restriction.

Section 3: Transfers. Subject to the restrictions, if any, stated or noted on the stock certificates, shares of stock may be transferred on the books of the Corporation by the surrender to the Corporation or its transfer agent of the certificate representing such shares properly endorsed or accompanied by a written assignment or power of attorney properly executed, and with such proof of authority or the authenticity of signature as the Corporation or its transfer agent may reasonably require. Except as may be otherwise required by law, by the Certificate of Incorporation or by these Bylaws, the Corporation shall be entitled to treat the record holder of stock as shown on its books as the owner of such stock for all purposes, including the payment of dividends and the right to vote with respect to such stock, regardless of any transfer, pledge or other disposition of such stock until the shares have been transferred on the books of the Corporation in accordance with the requirements of these Bylaws.

Section 4: Lost, Stolen or Destroyed Certificates. The Corporation may issue a new certificate of stock in place of any previously issued certificate alleged to have been lost, stolen, or destroyed, upon such terms and conditions as the Board may prescribe, including the presentation of reasonable evidence of such loss, theft or destruction and the giving of such indemnity as the Board may require for the protection of the Corporation or any transfer agent or registrar.

ARTICLE VI - INDEMNIFICATION

The Corporation shall, to the fullest extent permitted by Section 145 of the General Corporation Law of Delaware, as that Section may be amended and supplemented from time to time, indemnify any director, officer or trustee which it shall have power to indemnify under the Section against any expenses, liabilities or other matters referred to in or covered by that Section. The indemnification provided for in this Article (i) shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any Bylaw, agreement or vote of stockholders or disinterested directors or otherwise, both as to action in their official capacities and as to action in another capacity while holding such office, (ii) shall continue as to a person who has ceased to be a director, officer or trustee and (iii) shall inure to the benefit of the heirs, executors and administrators of such a person. The Corporation’s obligation to provide indemnification under this Article shall be offset to the extent of any other source of indemnification or any otherwise applicable insurance coverage under a policy maintained by the Corporation or any other person.

Expenses incurred by a director of the Corporation in defending a civil or criminal action, suit or proceeding by reason of the fact that such individual is or was a director of the Corporation (or was serving at the Corporation’s request as a director or officer of another corporation) shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such director to repay such amount if it shall ultimately be determined that such individual is not entitled to be indemnified by the Corporation as authorized

by relevant sections of the General Corporation Law of Delaware.

To assure indemnification under this Article of all such persons who are determined by the Corporation or otherwise to be or to have been "fiduciaries" of any employee benefit plan of the Corporation which may exist from time to time, such Section 145 shall, for the purposes of this Article, be interpreted as follows: an "other enterprise" shall be deemed to include such an employee benefit plan, including, without limitation, any plan of the Corporation which is governed by the Act of Congress entitled "Employee Retirement Income Security Act of 1974," as amended from time to time; the Corporation shall be deemed to have requested a person to serve an employee benefit plan where the performance by such person of his duties to the Corporation also imposes duties on, or otherwise involves services by, such person to the plan or participants or beneficiaries of the plan; excise taxes assessed on a person with respect to an employee benefit plan pursuant to such Act of Congress shall be deemed "fines"; and action taken or omitted by a person with respect to an employee benefit plan in the performance of such person's duties for a purpose reasonably believed by such person to be in the interest of the participants and beneficiaries of the plan shall be deemed to be for a purpose which is not opposed to the best interests of the Corporation.

ARTICLE VII - GENERAL PROVISIONS

Section 1: Fiscal Year. Except as from time to time otherwise designated by the Board, the fiscal year of the Corporation shall end on December 31, inclusive.

Section 2: Corporate Seal. The Corporation may have a corporate seal as approved by the Board.

Section 3: Execution of Instruments. The President shall have power to execute and deliver on behalf and in the name of the Corporation any instrument requiring the signature of an officer of the Corporation, except as otherwise provided in these Bylaws, or where the execution and delivery of such an instrument shall be expressly delegated by the Board to some other officer or agent of the Corporation.

Section 4: Waiver of Notice. Whenever any notice whatsoever is required to be given by law, by the Certificate of Incorporation or by these Bylaws, a waiver of such notice either in writing signed by the person entitled to such notice or such person's duly authorized attorney, or by telegraph, cable or any other available method, whether before, at or after the time stated in such waiver, or the appearance of such person or persons at such meeting in person (except an appearance to protest the lack or inadequacy of notice) or by proxy, shall be deemed equivalent to such notice.

Section 5: Voting of Securities. Except as the directors may otherwise designate, the President may waive notice of, and act as, or appoint any person or persons to act as, proxy or attorney-in-fact for this Corporation (with or without power of substitution) at, any meeting of

stockholders or stockholders of any other corporation or organization, the securities of which may be held by this Corporation.

Section 6: Evidence of Authority. A certificate by the Secretary, or an Assistant Secretary, or a temporary Secretary, as to any action taken by the stockholders, directors, a committee or any officer or representative of the Corporation shall as to all persons who rely on the certificate in good faith be conclusive evidence of such action.

Section 7: Certificate of Incorporation. All references to the Certificate of Incorporation shall be deemed to refer to the Certificate of Incorporation of the Corporation.

Section 8: Transactions with Interested Parties. No contract or transaction between the Corporation and one or more of the directors or officers, or between the Corporation and any other corporation, partnership, association, or other organization in which one or more of the directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board or a committee of the Board which authorizes the contract or transaction or solely because his or their votes are counted for such purpose, if:

(1) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the Board or the committee, and the Board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum;

(2) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or

(3) The contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified, by the Board, a committee of the Board, or the stockholders.

Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board or of a committee which authorizes the contract or transaction.

Section 9: Severability. Any determination that any provision of these Bylaws is for any reason inapplicable, illegal or ineffective shall not affect or invalidate any other provision of these Bylaws.

ARTICLE VIII - AMENDMENTS

Section 1: By the Board of Directors. These Bylaws may be altered, amended or repealed or new bylaws may be adopted by the affirmative vote of a majority of the directors present at any regular or special meeting of the Board at which a quorum is present.

Section 2: By the Stockholders. These Bylaws may be altered, amended or repealed or new bylaws may be adopted by the affirmative vote of the holders of a majority of the shares of the capital stock of the Corporation issued and outstanding and entitled to vote at any regular meeting of stockholders, or at any special meeting of stockholders, provided notice of such alteration, amendment, repeal or adoption of new bylaws shall have been stated in the notice of such special meeting.

CERTIFICATE OF SECRETARY

I, the undersigned, do hereby certify that:

1. I am the duly elected, acting and qualified Secretary of Appligation, Inc., a Delaware corporation (the "Corporation"); and
2. The attached Bylaws, as duly adopted by the Directors of the Corporation as of November 30, 2000, comprising 12 pages, are the true and complete copy of the Bylaws of the Corporation as in effect on the date hereof.

IN WITNESS WHEREOF, I have hereunto subscribed my name as of November 28, 2000.

/s/ Ken Xie, Secretary

Ken Xie, Secretary

CERTIFICATE OF AMENDMENT

OF BYLAWS OF

FORTINET, INC.

The undersigned, being the Secretary of Fortinet, Inc., hereby certifies that Article III, Section 2 of the Bylaws of this corporation was amended, effective January 28, 2008, by the Board of Directors of the corporation to read as follows:

"Section 2: Number; Election; Tenure; Qualification. The Board shall consist of not less than 5 nor more than 9 directors. The board of directors or stockholders shall fix the exact number of directors in the manner provided in these Bylaws, within the limits specified above. Each director shall be elected by the stockholders at the annual meeting and shall hold office until the next annual meeting and until his successor is elected and duly qualified, or until his earlier death, resignation or removal. Directors need not be stockholders of the Corporation."

/s/ John Whittle, Secretary

John Whittle, Secretary

Exhibit 3.4

AMENDED AND RESTATED BYLAWS OF

Fortinet, Inc.

(initially adopted on November 30, 2000)

(as amended on [_____] effective as of the
closing of the corporation's initial public offering)

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BYLAWS OF FORTINET, INC.

ARTICLE I - CORPORATE OFFICES

1.1 REGISTERED OFFICE

The registered office of Fortinet, Inc. shall be fixed in the corporation's certificate of incorporation, as the same may be amended from time to time.

1.2 OTHER OFFICES

The corporation's board of directors may at any time establish other offices at any place or places where the corporation is qualified to do business.

ARTICLE II - MEETINGS OF STOCKHOLDERS

2.1 PLACE OF MEETINGS

Meetings of stockholders shall be held at any place, within or outside the State of Delaware, designated by the board of directors. The board of directors may, in its sole discretion, determine that a meeting of stockholders shall not be held at any place, but may instead be held solely by means of remote communication as authorized by Section 211(a)(2) of the Delaware General Corporation Law (the "**DGCL**"). In the absence of any such designation or determination, stockholders' meetings shall be held at the corporation's principal executive office.

2.2 ANNUAL MEETING

The annual meeting of stockholders shall be held each year. The board of directors shall designate the date and time of the annual meeting. In the absence of such designation the annual meeting of stockholders shall be held on the second Tuesday of May of each year at 10:00 a.m. However, if such day falls on a legal holiday, then the meeting shall be held at the same time and place on the next succeeding business day. At the annual meeting, directors shall be elected and any other proper business may be transacted.

2.3 SPECIAL MEETING

(i) A special meeting of the stockholders, other than those required by statute, may be called at any time by the board of directors acting pursuant to a resolution adopted by a majority of the Whole Board, chairperson of the board of directors, chief executive officer or president (in the absence of a chief executive officer), but a special meeting may not be called by any other person or persons. For purposes of these bylaws, the term "**Whole Board**" shall mean the total number of authorized directors whether or not there exist any vacancies in previously authorized directorships. The board of directors acting pursuant to a resolution adopted by a majority of the Whole Board may cancel, postpone or reschedule any previously scheduled special meeting at any time, before or after the notice for such meeting has been sent to the stockholders.

(ii) The notice of a special meeting shall include the purpose for which the meeting is called. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting by or at the direction of the Whole Board, chairperson of the board of directors, chief executive officer or president (in the absence of a chief executive officer). Nothing contained in this Section 2.3(ii) shall be construed as limiting, fixing or affecting the time when a meeting of stockholders called by action of the board of directors may be held.

2.4 ADVANCE NOTICE PROCEDURES

(i) *Advance Notice of Stockholder Business.* At an annual meeting of the stockholders, only such business shall be conducted as shall have been properly brought before the meeting. To be properly brought before an annual meeting, business must be brought: (A) pursuant to the corporation's proxy materials with respect to such meeting, (B) by or at the direction of the board of directors, or (C) by a stockholder of the corporation who (1) is a stockholder of record at the time of the giving of the notice required by this Section 2.4(i) and on the record date for the determination of stockholders entitled to vote at the annual meeting and (2) has timely complied in proper written form with the notice procedures set forth in this Section 2.4(i). In addition, for business to be properly brought before an annual meeting by a stockholder, such business must be a proper matter for stockholder action pursuant to these bylaws and applicable law. For the avoidance of doubt, clause (C) above shall be the exclusive means for a stockholder to bring business before an annual meeting of stockholders.

(a) To comply with clause (C) of Section 2.4(i) above, a stockholder's notice must set forth all information required under this Section 2.4(i) and must be timely received by the secretary of the corporation. To be timely, a stockholder's notice must be received by the secretary at the principal executive offices of the corporation not later than the 45th day nor earlier than the 75th day before the one-year anniversary of the date on which the corporation first mailed its proxy materials or a notice of availability of proxy materials (whichever is earlier) for the preceding year's annual meeting; *provided*, *however*, that in the event that no annual meeting was held in the previous year or if the date of the annual meeting is advanced by more than 30 days prior to or delayed by more than 60 days after the one-year anniversary of the date of the previous year's annual meeting, then, for notice by the stockholder to be timely, it must be so received by the secretary not earlier than the close of business on the 120th day prior to such annual meeting and not later than the close of business on the later of (i) the 90th day prior to such annual meeting, or (ii) the tenth day following the day on which Public Announcement (as defined below) of the date of such annual meeting is first made. In no event shall any adjournment or postponement of an annual meeting or the announcement thereof commence a new time period for the giving of a stockholder's notice as described in this Section 2.4(i)(a). "**Public Announcement**" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or a comparable national news service or in a document publicly filed by the corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Securities Exchange Act of 1934, as amended, or any successor thereto (the "**1934 Act**").

(b) To be in proper written form, a stockholder's notice to the secretary must set forth as to each matter of business the stockholder intends to bring before the annual meeting: (1) a brief description of the business intended to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (2) the name and address, as they appear on the corporation's books, of the stockholder proposing such business and any Stockholder Associated Person (as defined below), (3) the class and number of shares of the corporation that are held of record or are beneficially owned by the stockholder or any Stockholder Associated Person and any derivative positions held or beneficially held by the stockholder or any

Stockholder Associated Person, (4) whether and the extent to which any hedging or other transaction or series of transactions has been entered into by or on behalf of such stockholder or any Stockholder Associated Person with respect to any securities of the corporation, and a description of any other agreement, arrangement or understanding (including any short position or any borrowing or lending of shares), the effect or intent of which is to mitigate loss to, or to manage the risk or benefit from share price changes for, or to increase or decrease the voting power of, such stockholder or any Stockholder Associated Person with respect to any securities of the corporation, (5) any material interest of the stockholder or a Stockholder Associated Person in such business, and (6) a statement whether either such stockholder or any Stockholder Associated Person will deliver a proxy statement and form of proxy to holders of at least the percentage of the corporation's voting shares required under applicable law to carry the proposal (such information provided and statements made as required by clauses (1) through (6), a "**Business Solicitation Statement**"). In addition, to be in proper written form, a stockholder's notice to the secretary must be supplemented not later than ten days following the record date to disclose the information contained in clauses (3) and (4) above as of the record date. For purposes of this Section 2.4, a "**Stockholder Associated Person**" of any stockholder shall mean (i) any person controlling, directly or indirectly, or acting in concert with, such stockholder, (ii) any beneficial owner of shares of stock of the corporation owned of record or beneficially by such stockholder and on whose behalf the proposal or nomination, as the case may be, is being made, or (iii) any person controlling, controlled by or under common control with such person referred to in the preceding clauses (i) and (ii).

(c) Without exception, no business shall be conducted at any annual meeting except in accordance with the provisions set forth in this Section 2.4(i) and, if applicable, Section 2.4(ii). In addition, business proposed to be brought by a stockholder may not be brought before the annual meeting if such stockholder or a Stockholder Associated Person, as applicable, takes action contrary to the representations made in the Business Solicitation Statement applicable to such business or if the Business Solicitation Statement applicable to such business contains an untrue statement of a material fact or omits to state a material fact necessary to make the statements therein not misleading. The chairperson of the annual meeting shall, if the facts warrant, determine and declare at the annual meeting that business was not properly brought before the annual meeting and in accordance with the provisions of this Section 2.4(i), and, if the chairperson should so determine, he or she shall so declare at the annual meeting that any such business not properly brought before the annual meeting shall not be conducted.

(ii) *Advance Notice of Director Nominations at Annual Meetings.* Notwithstanding anything in these bylaws to the contrary, only persons who are nominated in accordance with the procedures set forth in this Section 2.4(ii) shall be eligible for election or re-election as directors at an annual meeting of stockholders. Nominations of persons for election to the board of directors of the corporation shall be made at an annual meeting of stockholders only (A) by or at the direction of the board of directors or (B) by a stockholder of the corporation who (1) was a stockholder of record at the time of the giving of the notice required by this Section 2.4(ii) and on the record date for the determination of stockholders entitled to vote at the annual meeting and (2) has complied with the notice procedures set forth in this Section 2.4(ii). In addition to any other applicable requirements, for a nomination to be made by a stockholder, the stockholder must have given timely notice thereof in proper written form to the secretary of the corporation.

(a) To comply with clause (B) of Section 2.4(ii) above, a nomination to be made by a stockholder must set forth all information required under this Section 2.4(ii) and must be received by the secretary of the corporation at the principal executive offices of the corporation at the time set forth in, and in accordance with, the final three sentences of Section 2.4(i)(a) above.

(b) To be in proper written form, such stockholder's notice to the secretary must set forth:

(1) as to each person (a "**nominee**") whom the stockholder proposes to nominate for election or re-election as a director: (A) the name, age, business address and residence address of the nominee, (B) the principal occupation or employment of the nominee, (C) the class and number of shares of the corporation that are held of record or are beneficially owned by the nominee and any derivative positions held or beneficially held by the nominee, (D) whether and the extent to which any hedging or other transaction or series of transactions has been entered into by or on behalf of the nominee with respect to any securities of the corporation, and a description of any other agreement, arrangement or understanding (including any short position or any borrowing or lending of shares), the effect or intent of which is to mitigate loss to, or to manage the risk or benefit of share price changes for, or to increase or decrease the voting power of the nominee, (E) a description of all arrangements or understandings between the stockholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nominations are to be made by the stockholder, (F) a written statement executed by the nominee acknowledging that as a director of the corporation, the nominee will owe a fiduciary duty under Delaware law with respect to the corporation and its stockholders, and (G) any other information relating to the nominee that would be required to be disclosed about such nominee if proxies were being solicited for the election of the nominee as a director, or that is otherwise required, in each case pursuant to Regulation 14A under the 1934 Act (including without limitation the nominee's written consent to being named in the proxy statement, if any, as a nominee and to serving as a director if elected); and

(2) as to such stockholder giving notice, (A) the information required to be provided pursuant to clauses (2) through (5) of Section 2.4(i)(b) above, and the supplement referenced in the second sentence of Section 2.4(i)(b) above (except that the references to "business" in such clauses shall instead refer to nominations of directors for purposes of this paragraph), and (B) a statement whether either such stockholder or Stockholder Associated Person will deliver a proxy statement and form of proxy to holders of a number of the corporation's voting shares reasonably believed by such stockholder or Stockholder Associated Person to be necessary to elect such nominee(s) (such information provided and statements made as required by clauses (A) and (B) above, a "**Nominee Solicitation Statement**").

(c) At the request of the board of directors, any person nominated by a stockholder for election as a director must furnish to the secretary of the corporation (1) that information required to be set forth in the stockholder's notice of nomination of such person as a director as of a date subsequent to the date on which the notice of such person's nomination was given and (2) such other information as may reasonably be required by the corporation to determine the eligibility of such proposed nominee to serve as an independent director of the corporation or that could be material to a reasonable stockholder's understanding of the independence, or lack thereof, of such nominee; in the absence of the furnishing of such information if requested, such stockholder's nomination shall not be considered in proper form pursuant to this Section 2.4(ii).

(d) Without exception, no person shall be eligible for election or re-election as a director of the corporation at an annual meeting of stockholders unless nominated in accordance with the provisions set forth in this Section 2.4(ii). In addition, a nominee shall not be eligible for election or re-election if a stockholder or Stockholder Associated Person, as applicable, takes action contrary to the representations made in the Nominee Solicitation Statement applicable to such nominee or if the Nominee Solicitation Statement applicable to such nominee contains an untrue statement of a material fact or omits to state a material fact necessary to make the statements therein not misleading. The chairperson of the annual meeting shall, if the facts

warrant, determine and declare at the annual meeting that a nomination was not made in accordance with the provisions prescribed by these bylaws, and if the chairperson should so determine, he or she shall so declare at the annual meeting, and the defective nomination shall be disregarded.

(iii) *Advance Notice of Director Nominations for Special Meetings*.

(a) For a special meeting of stockholders at which directors are to be elected pursuant to Section 2.3, nominations of persons for election to the board of directors shall be made only (1) by or at the direction of the board of directors or (2) by any stockholder of the corporation who (A) is a stockholder of record at the time of the giving of the notice required by this Section 2.4(iii) and on the record date for the determination of stockholders entitled to vote at the special meeting and (B) delivers a timely written notice of the nomination to the secretary of the corporation that includes the information set forth in Sections 2.4(ii)(b) and (ii)(c) above. To be timely, such notice must be received by the secretary at the principal executive offices of the corporation not later than the close of business on the later of the 90th day prior to such special meeting or the tenth day following the day on which Public Announcement is first made of the date of the special meeting and of the nominees proposed by the board of directors to be elected at such meeting. A person shall not be eligible for election or re-election as a director at a special meeting unless the person is nominated (i) by or at the direction of the board of directors or (ii) by a stockholder in accordance with the notice procedures set forth in this Section 2.4(iii). In addition, a nominee shall not be eligible for election or re-election if a stockholder or Stockholder Associated Person, as applicable, takes action contrary to the representations made in the Nominee Solicitation Statement applicable to such nominee or if the Nominee Solicitation Statement applicable to such nominee contains an untrue statement of a material fact or omits to state a material fact necessary to make the statements therein not misleading.

(b) The chairperson of the special meeting shall, if the facts warrant, determine and declare at the meeting that a nomination or business was not made in accordance with the procedures prescribed by these bylaws, and if the chairperson should so determine, he or she shall so declare at the meeting, and the defective nomination or business shall be disregarded.

(iv) *Other Requirements and Rights*. In addition to the foregoing provisions of this Section 2.4, a stockholder must also comply with all applicable requirements of state law and of the 1934 Act and the rules and regulations thereunder with respect to the matters set forth in this Section 2.4, including, with respect to business such stockholder intends to bring before the annual meeting that involves a proposal that such stockholder requests to be included in the corporation's proxy statement, the requirements of Rule 14a-8 (or any successor provision) under the 1934 Act. Nothing in this Section 2.4 shall be deemed to affect any right of the corporation to omit a proposal from the corporation's proxy statement pursuant to Rule 14a-8 (or any successor provision) under the 1934 Act.

2.5 NOTICE OF STOCKHOLDERS' MEETINGS

Whenever stockholders are required or permitted to take any action at a meeting, a written notice of the meeting shall be given which shall state the place, if any, date and hour of the meeting, the means of remote communication, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is called. Except as otherwise provided in the DGCL, the certificate of incorporation or these bylaws, the written notice of any meeting of stockholders shall be given not less than 10 nor more than 60 days before the date of the meeting to each stockholder entitled to vote at such meeting.

2.6 QUORUM

The holders of a majority of the stock issued and outstanding and entitled to vote, present in person or represented by proxy, shall constitute a quorum for the transaction of business at all meetings of the stockholders. Where a separate vote by a class or series or classes or series is required, a majority of the outstanding shares of such class or series or classes or series, present in person or represented by proxy, shall constitute a quorum entitled to take action with respect to that vote on that matter, except as otherwise provided by law, the certificate of incorporation or these bylaws.

If, however, such quorum is not present or represented at any meeting of the stockholders, then either (i) the chairperson of the meeting, or (ii) the stockholders entitled to vote at the meeting, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present or represented. At such adjourned meeting at which a quorum is present or represented, any business may be transacted that might have been transacted at the meeting as originally noticed.

2.7 ADJOURNED MEETING; NOTICE

When a meeting is adjourned to another time or place, unless these bylaws otherwise require, notice need not be given of the adjourned meeting if the time, place if any thereof, and the means of remote communications if any by which stockholders and proxy holders may be deemed to be present in person and vote at such adjourned meeting are announced at the meeting at which the adjournment is taken. At the adjourned meeting, the corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than 30 days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

2.8 CONDUCT OF BUSINESS

The chairperson of any meeting of stockholders shall determine the order of business and the procedure at the meeting, including such regulation of the manner of voting and the conduct of business.

2.9 VOTING

The stockholders entitled to vote at any meeting of stockholders shall be determined in accordance with the provisions of Section 2.11 of these bylaws, subject to Section 217 (relating to voting rights of fiduciaries, pledgors and joint owners of stock) and Section 218 (relating to voting trusts and other voting agreements) of the DGCL.

Except as may be otherwise provided in the certificate of incorporation or these bylaws, each stockholder shall be entitled to one vote for each share of capital stock held by such stockholder.

Except as otherwise required by law, the certificate of incorporation or these bylaws, in all matters other than the election of directors, the affirmative vote of a majority of the voting power of the shares present in person or represented by proxy at the meeting and entitled to vote on the subject matter shall be the act of the stockholders. Except as otherwise required by law, the certificate of incorporation or these bylaws, directors shall be elected by a plurality of the voting power of the shares present in person or represented by proxy at the meeting

and entitled to vote on the election of directors. Where a separate vote by a class or series or classes or series is required, in all matters other than the election of directors, the affirmative vote of the majority of shares of such class or series or classes or series present in person or represented by proxy at the meeting shall be the act of such class or series or classes or series, except as otherwise provided by law, the certificate of incorporation or these bylaws.

2.10 STOCKHOLDER ACTION BY WRITTEN CONSENT WITHOUT A MEETING

Subject to the rights of the holders of the shares of any series of Preferred Stock or any other class of stock or series thereof having a preference over the Common Stock as dividend or upon liquidation, any action required or permitted to be taken by the stockholders of the corporation must be effected at a duly called annual or special meeting of stockholders of the corporation and may not be effected by any consent in writing by such stockholders.

2.11 RECORD DATE FOR STOCKHOLDER NOTICE; VOTING; GIVING CONSENTS

In order that the corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the board of directors may fix, in advance, a record date, which record date shall not precede the date on which the resolution fixing the record date is adopted and which shall not be more than 60 nor less than 10 days before the date of such meeting, nor more than 60 days prior to any other such action.

If the board of directors does not so fix a record date:

(i) The record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held.

(ii) The record date for determining stockholders for any other purpose shall be at the close of business on the day on which the board of directors adopts the resolution relating thereto.

A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; *provided*, *however*, that the board of directors may fix a new record date for the adjourned meeting.

2.12 PROXIES

Each stockholder entitled to vote at a meeting of stockholders may authorize another person or persons to act for such stockholder by proxy authorized by an instrument in writing or by a transmission permitted by law filed in accordance with the procedure established for the meeting, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period. The revocability of a proxy that states on its face that it is irrevocable shall be governed by the provisions of Section 212 of the DGCL.

2.13 LIST OF STOCKHOLDERS ENTITLED TO VOTE

The officer who has charge of the stock ledger of the corporation shall prepare and make, at least 10 days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. The corporation shall not be required to include electronic mail addresses or other electronic contact information on such list. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting for a period of at least 10 days prior to the meeting: (i) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting, or (ii) during ordinary business hours, at the corporation's principal place of business. In the event that the corporation determines to make the list available on an electronic network, the corporation may take reasonable steps to ensure that such information is available only to stockholders of the corporation. If the meeting is to be held at a place, then the list shall be produced and kept at the time and place of the meeting during the whole time thereof, and may be examined by any stockholder who is present. If the meeting is to be held solely by means of remote communication, then the list shall also be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of the meeting. Such list shall presumptively determine the identity of the stockholders entitled to vote at the meeting and the number of shares held by each of them.

2.14 INSPECTORS OF ELECTION

A written proxy may be in the form of a telegram, cablegram, or other means of electronic transmission which sets forth or is submitted with information from which it can be determined that the telegram, cablegram, or other means of electronic transmission was authorized by the person.

Before any meeting of stockholders, the board of directors shall appoint an inspector or inspectors of election to act at the meeting or its adjournment. The number of inspectors shall be either one (1) or three (3). If any person appointed as inspector fails to appear or fails or refuses to act, then the chairperson of the meeting may, and upon the request of any stockholder or a stockholder's proxy shall, appoint a person to fill that vacancy.

Such inspectors shall:

(i) determine the number of shares outstanding and the voting power of each, the number of shares represented at the meeting, the existence of a quorum, and the authenticity, validity, and effect of proxies;

(ii) receive votes, ballots or consents;

(iii) hear and determine all challenges and questions in any way arising in connection with the right to vote;

(iv) count and tabulate all votes or consents;

(v) determine when the polls shall close;

(vi) determine the result; and

(vii) do any other acts that may be proper to conduct the election or vote with fairness to all stockholders.

The inspectors of election shall perform their duties impartially, in good faith, to the best of their ability and as expeditiously as is practical. If there are three (3) inspectors of election, the decision, act or certificate of a majority is effective in all respects as the decision, act or certificate of all. Any report or certificate made by the inspectors of election is *prima facie* evidence of the facts stated therein.

ARTICLE III - DIRECTORS

3.1 POWERS

The business and affairs of the corporation shall be managed by or under the direction of the board of directors, except as may be otherwise provided in the DGCL or the certificate of incorporation.

3.2 NUMBER OF DIRECTORS

The board of directors shall consist of one or more members, each of whom shall be a natural person. Unless the certificate of incorporation fixes the number of directors, the number of directors shall be determined from time to time by resolution of the board of directors. No reduction of the authorized number of directors shall have the effect of removing any director before that director's term of office expires.

3.3 ELECTION, QUALIFICATION AND TERM OF OFFICE OF DIRECTORS

Except as provided in Section 3.4 of these bylaws, each director, including a director elected to fill a vacancy, shall hold office until the expiration of the term for which elected and until such director's successor is elected and qualified or until such director's earlier death, resignation or removal. Directors need not be stockholders unless so required by the certificate of incorporation or these bylaws. The certificate of incorporation or these bylaws may prescribe other qualifications for directors.

If so provided in the certificate of incorporation, the directors of the corporation shall be divided into three classes.

3.4 RESIGNATION AND VACANCIES

Any director may resign at any time upon notice given in writing or by electronic transmission to the corporation. A resignation is effective when the resignation is delivered unless the resignation specifies a later effective date or an effective date determined upon the happening of an event or events. A resignation which is conditioned upon the director failing to receive a specified vote for reelection as a director may provide that it is irrevocable. Unless otherwise provided in the certificate of incorporation or these bylaws, when one or more directors resign from the board of directors, effective at a future date, a majority of the directors then in office, including those who have so resigned, shall have power to fill such vacancy or vacancies, the vote thereon to take effect when such resignation or resignations shall become effective.

Unless otherwise provided in the certificate of incorporation or these bylaws, vacancies and newly created directorships resulting from any increase in the authorized number of directors elected by all of the stockholders

having the right to vote as a single class may be filled by a majority of the directors then in office, although less than a quorum, or by a sole remaining director. If the directors are divided into classes, a person so elected by the directors then in office to fill a vacancy or newly created directorship shall hold office until the next election of the class for which such director shall have been chosen and until his or her successor shall have been duly elected and qualified.

If at any time, by reason of death or resignation or other cause, the corporation should have no directors in office, then any officer or any stockholder or an executor, administrator, trustee or guardian of a stockholder, or other fiduciary entrusted with like responsibility for the person or estate of a stockholder, may call a special meeting of stockholders in accordance with the provisions of the certificate of incorporation or these bylaws, or may apply to the Court of Chancery for a decree summarily ordering an election as provided in Section 211 of the DGCL.

If, at the time of filling any vacancy or any newly created directorship, the directors then in office constitute less than a majority of the whole board of directors (as constituted immediately prior to any such increase), the Court of Chancery may, upon application of any stockholder or stockholders holding at least 10% of the voting stock at the time outstanding having the right to vote for such directors, summarily order an election to be held to fill any such vacancies or newly created directorships, or to replace the directors chosen by the directors then in office as aforesaid, which election shall be governed by the provisions of Section 211 of the DGCL as far as applicable.

3.5 PLACE OF MEETINGS; MEETINGS BY TELEPHONE

The board of directors may hold meetings, both regular and special, either within or outside the State of Delaware.

Unless otherwise restricted by the certificate of incorporation or these bylaws, members of the board of directors, or any committee designated by the board of directors, may participate in a meeting of the board of directors, or any committee, by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

3.6 REGULAR MEETINGS

Regular meetings of the board of directors may be held without notice at such time and at such place as shall from time to time be determined by the board of directors.

3.7 SPECIAL MEETINGS; NOTICE

Special meetings of the board of directors for any purpose or purposes may be called at any time by the chairperson of the board of directors, the chief executive officer, the president, the secretary or a majority of the authorized number of directors.

Notice of the time and place of special meetings shall be:

(i) delivered personally by hand, by courier or by telephone;

(ii) sent by United States first-class mail, postage prepaid;

(iii) sent by facsimile; or

(iv) sent by electronic mail,

directed to each director at that director's address, telephone number, facsimile number or electronic mail address, as the case may be, as shown on the corporation's records.

If the notice is (i) delivered personally by hand, by courier or by telephone, (ii) sent by facsimile or (iii) sent by electronic mail, it shall be delivered or sent at least 24 hours before the time of the holding of the meeting. If the notice is sent by United States mail, it shall be deposited in the United States mail at least four days before the time of the holding of the meeting. Any oral notice may be communicated to the director. The notice need not specify the place of the meeting (if the meeting is to be held at the corporation's principal executive office) nor the purpose of the meeting.

3.8 WAIVER OF NOTICE

Whenever notice is required to be given under any provision of the DGCL, the certificate of incorporation or these bylaws, a written waiver, signed by the director entitled to notice, or a waiver by electronic transmission by the director entitled to notice, whether before or after the time of the event for which notice is to be given, shall be deemed equivalent to notice. Attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except when the director attends a meeting for the express purpose of objecting at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the board of directors need be specified in any written waiver of notice or any waiver by electronic transmission unless so required by the certificate of incorporation or these bylaws.

3.9 QUORUM; VOTING

At all meetings of the board of directors, a majority of the total authorized number of directors shall constitute a quorum for the transaction of business. If a quorum is not present at any meeting of the board of directors, then the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting.

The vote of a majority of the directors present at any meeting at which a quorum is present shall be the act of the board of directors, except as may be otherwise specifically provided by statute, the certificate of incorporation or these bylaws.

If the certificate of incorporation provides that one or more directors shall have more or less than one vote per director on any matter, every reference in these bylaws to a majority or other proportion of the directors shall refer to a majority or other proportion of the votes of the directors.

3.10 BOARD ACTION BY WRITTEN CONSENT WITHOUT A MEETING

Unless otherwise restricted by the certificate of incorporation or these bylaws, any action required or permitted to be taken at any meeting of the board of directors, or of any committee thereof, may be taken without a meeting if all members of the board of directors or committee, as the case may be, consent thereto in writing or by electronic transmission and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the board of directors or committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

3.11 FEES AND COMPENSATION OF DIRECTORS

Unless otherwise restricted by the certificate of incorporation or these bylaws, the board of directors shall have the authority to fix the compensation of directors.

3.12 REMOVAL OF DIRECTORS

Any director may be removed from office by the stockholders of the corporation only for cause.

No reduction of the authorized number of directors shall have the effect of removing any director prior to the expiration of such director's term of office.

ARTICLE IV - COMMITTEES

4.1 COMMITTEES OF DIRECTORS

The board of directors may, by resolution passed by a majority of the authorized number of directors, designate one or more committees, each committee to consist of one or more of the directors of the corporation. The board of directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the board of directors to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the board of directors or in these bylaws, shall have and may exercise all the powers and authority of the board of directors in the management of the business and affairs of the corporation, and may authorize the seal of the corporation to be affixed to all papers that may require it; but no such committee shall have the power or authority to (i) approve or adopt, or recommend to the stockholders, any action or matter (other than the election or removal of directors) expressly required by the DGCL to be submitted to stockholders for approval, or (ii) adopt, amend or repeal any bylaw of the corporation.

4.2 COMMITTEE MINUTES

Each committee shall keep regular minutes of its meetings and report the same to the board of directors when required.

4.3 MEETINGS AND ACTION OF COMMITTEES

Meetings and actions of committees shall be governed by, and held and taken in accordance with, the provisions of:

(i) Section 3.5 (place of meetings and meetings by telephone);

(ii) Section 3.6 (regular meetings);

(iii) Section 3.7 (special meetings and notice);

(iv) Section 3.9 (quorum; voting);

(v) Section 7.5 (waiver of notice); and

(vi) Section 3.10 (action without a meeting)

with such changes in the context of those bylaws as are necessary to substitute the committee and its members for the board of directors and its members. *However*:

(i) the time of regular meetings of committees may be determined either by resolution of the board of directors or by resolution of the committee;

(ii) special meetings of committees may also be called by resolution of the board of directors; and

(iii) notice of special meetings of committees shall also be given to all alternate members, who shall have the right to attend all meetings of the committee. The board of directors may adopt rules for the government of any committee not inconsistent with the provisions of these bylaws.

Any provision in the certificate of incorporation providing that one or more directors shall have more or less than one vote per director on any matter shall apply to voting in any committee or subcommittee, unless otherwise provided in the certificate of incorporation or these bylaws.

4.4 SUBCOMMITTEES

Unless otherwise provided in the certificate of incorporation, these bylaws or the resolutions of the board of directors designating the committee, a committee may create one or more subcommittees, each subcommittee to consist of one or more members of the committee, and delegate to a subcommittee any or all of the powers and authority of the committee.

ARTICLE V - OFFICERS

5.1 OFFICERS

The officers of the corporation shall be a president and a secretary. The corporation may also have, at the discretion of the board of directors, a chairperson of the board of directors, a vice chairperson of the board of

directors, a chief executive officer, a chief financial officer or treasurer, one or more vice presidents, one or more assistant vice presidents, one or more assistant treasurers, one or more assistant secretaries, and any such other officers as may be appointed in accordance with the provisions of these bylaws. Any number of offices may be held by the same person.

5.2 APPOINTMENT OF OFFICERS

The board of directors shall appoint the officers of the corporation, except such officers as may be appointed in accordance with the provisions of Sections 5.3 of these bylaws, subject to the rights, if any, of an officer under any contract of employment.

5.3 SUBORDINATE OFFICERS

The board of directors may appoint, or empower the chief executive officer or, in the absence of a chief executive officer, the president, to appoint, such other officers and agents as the business of the corporation may require. Each of such officers and agents shall hold office for such period, have such authority, and perform such duties as are provided in these bylaws or as the board of directors may from time to time determine.

5.4 REMOVAL AND RESIGNATION OF OFFICERS

Subject to the rights, if any, of an officer under any contract of employment, any officer may be removed, either with or without cause, by an affirmative vote of the majority of the board of directors at any regular or special meeting of the board of directors or, except in the case of an officer chosen by the board of directors, by any officer upon whom such power of removal may be conferred by the board of directors.

Any officer may resign at any time by giving written notice to the corporation. Any resignation shall take effect at the date of the receipt of that notice or at any later time specified in that notice. Unless otherwise specified in the notice of resignation, the acceptance of the resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of the corporation under any contract to which the officer is a party.

5.5 VACANCIES IN OFFICES

Any vacancy occurring in any office of the corporation shall be filled by the board of directors or as provided in Section 5.3.

5.6 REPRESENTATION OF SHARES OF OTHER CORPORATIONS

The chairperson of the board of directors, the president, any vice president, the treasurer, the secretary or assistant secretary of this corporation, or any other person authorized by the board of directors or the president or a vice president, is authorized to vote, represent, and exercise on behalf of this corporation all rights incident to any and all shares of any other corporation or corporations standing in the name of this corporation. The authority granted herein may be exercised either by such person directly or by any other person authorized to do so by proxy or power of attorney duly executed by such person having the authority.

5.7 AUTHORITY AND DUTIES OF OFFICERS

All officers of the corporation shall respectively have such authority and perform such duties in the management of the business of the corporation as may be designated from time to time by the board of directors or the stockholders and, to the extent not so provided, as generally pertain to their respective offices, subject to the control of the board of directors.

ARTICLE VI - STOCK

6.1 STOCK CERTIFICATES; PARTLY PAID SHARES

The shares of the corporation shall be represented by certificates, provided that the board of directors may provide by resolution or resolutions that some or all of any or all classes or series of its stock shall be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to the corporation. Every holder of stock represented by certificates shall be entitled to have a certificate signed by, or in the name of the corporation by the chairperson of the board of directors or vice-chairperson of the board of directors, or the president or a vice-president, and by the treasurer or an assistant treasurer, or the secretary or an assistant secretary of the corporation representing the number of shares registered in certificate form. Any or all of the signatures on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate has ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the corporation with the same effect as if such person were such officer, transfer agent or registrar at the date of issue. The corporation shall not have power to issue a certificate in bearer form.

The corporation may issue the whole or any part of its shares as partly paid and subject to call for the remainder of the consideration to be paid therefor. Upon the face or back of each stock certificate issued to represent any such partly-paid shares, or upon the books and records of the corporation in the case of uncertificated partly-paid shares, the total amount of the consideration to be paid therefor and the amount paid thereon shall be stated. Upon the declaration of any dividend on fully-paid shares, the corporation shall declare a dividend upon partly-paid shares of the same class, but only upon the basis of the percentage of the consideration actually paid thereon.

6.2 SPECIAL DESIGNATION ON CERTIFICATES

If the corporation is authorized to issue more than one class of stock or more than one series of any class, then the powers, the designations, the preferences, and the relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights shall be set forth in full or summarized on the face or back of the certificate that the corporation shall issue to represent such class or series of stock; *provided, however*, that, except as otherwise provided in Section 202 of the DGCL, in lieu of the foregoing requirements there may be set forth on the face or back of the certificate that the corporation shall issue to represent such class or series of stock, a statement that the corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights. Within a reasonable time after the issuance or transfer of uncertificated stock, the corporation shall send to the registered owner thereof a written notice containing the information required to be set forth or stated on certificates pursuant to this section 6.2 or Sections 156, 202(a) or

218(a) of the DGCL or with respect to this section 6.2 a statement that the corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights. Except as otherwise expressly provided by law, the rights and obligations of the holders of uncertificated stock and the rights and obligations of the holders of certificates representing stock of the same class and series shall be identical.

6.3 LOST CERTIFICATES

Except as provided in this Section 6.3, no new certificates for shares shall be issued to replace a previously issued certificate unless the latter is surrendered to the corporation and cancelled at the same time. The corporation may issue a new certificate of stock or uncertificated shares in the place of any certificate theretofore issued by it, alleged to have been lost, stolen or destroyed, and the corporation may require the owner of the lost, stolen or destroyed certificate, or such owner's legal representative, to give the corporation a bond sufficient to indemnify it against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate or uncertificated shares.

6.4 DIVIDENDS

The board of directors, subject to any restrictions contained in the certificate of incorporation or applicable law, may declare and pay dividends upon the shares of the corporation's capital stock. Dividends may be paid in cash, in property, or in shares of the corporation's capital stock, subject to the provisions of the certificate of incorporation.

The board of directors may set apart out of any of the funds of the corporation available for dividends a reserve or reserves for any proper purpose and may abolish any such reserve. Such purposes shall include but not be limited to equalizing dividends, repairing or maintaining any property of the corporation, and meeting contingencies.

6.5 TRANSFER OF STOCK

Transfers of record of shares of stock of the corporation shall be made only upon its books by the holders thereof, in person or by an attorney duly authorized, and, if such stock is certificated, upon the surrender of a certificate or certificates for a like number of shares, properly endorsed or accompanied by proper evidence of succession, assignation or authority to transfer.

6.6 STOCK TRANSFER AGREEMENTS

The corporation shall have power to enter into and perform any agreement with any number of stockholders of any one or more classes of stock of the corporation to restrict the transfer of shares of stock of the corporation of any one or more classes owned by such stockholders in any manner not prohibited by the DGCL.

6.7 REGISTERED STOCKHOLDERS

The corporation:

(i) shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends and to vote as such owner;

(ii) shall be entitled to hold liable for calls and assessments the person registered on its books as the owner of shares; and

(iii) shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of another person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

ARTICLE VII – MANNER OF GIVING NOTICE AND WAIVER

7.1 NOTICE OF STOCKHOLDERS' MEETINGS

Notice of any meeting of stockholders, if mailed, is given when deposited in the United States mail, postage prepaid, directed to the stockholder at such stockholder's address as it appears on the corporation's records. An affidavit of the secretary or an assistant secretary of the corporation or of the transfer agent or other agent of the corporation that the notice has been given shall, in the absence of fraud, be *prima facie* evidence of the facts stated therein.

7.2 NOTICE BY ELECTRONIC TRANSMISSION

Without limiting the manner by which notice otherwise may be given effectively to stockholders pursuant to the DGCL, the certificate of incorporation or these bylaws, any notice to stockholders given by the corporation under any provision of the DGCL, the certificate of incorporation or these bylaws shall be effective if given by a form of electronic transmission consented to by the stockholder to whom the notice is given. Any such consent shall be revocable by the stockholder by written notice to the corporation. Any such consent shall be deemed revoked if:

(i) the corporation is unable to deliver by electronic transmission two consecutive notices given by the corporation in accordance with such consent; and

(ii) such inability becomes known to the secretary or an assistant secretary of the corporation or to the transfer agent, or other person responsible for the giving of notice.

However, the inadvertent failure to treat such inability as a revocation shall not invalidate any meeting or other action.

Any notice given pursuant to the preceding paragraph shall be deemed given:

(i) if by facsimile telecommunication, when directed to a number at which the stockholder has consented to receive notice;

(ii) if by electronic mail, when directed to an electronic mail address at which the stockholder has consented to receive notice;

(iii) if by a posting on an electronic network together with separate notice to the stockholder of such specific posting, upon the later of (A) such posting and (B) the giving of such separate notice; and

(iv) if by any other form of electronic transmission, when directed to the stockholder.

An affidavit of the secretary or an assistant secretary or of the transfer agent or other agent of the corporation that the notice has been given by a form of electronic transmission shall, in the absence of fraud, be *prima facie* evidence of the facts stated therein.

An "**electronic transmission**" means any form of communication, not directly involving the physical transmission of paper, that creates a record that may be retained, retrieved, and reviewed by a recipient thereof, and that may be directly reproduced in paper form by such a recipient through an automated process.

Notice by a form of electronic transmission shall not apply to Sections 164, 296, 311, 312 or 324 of the DGCL.

7.3 NOTICE TO STOCKHOLDERS SHARING AN ADDRESS

Except as otherwise prohibited under the DGCL, without limiting the manner by which notice otherwise may be given effectively to stockholders, any notice to stockholders given by the corporation under the provisions of the DGCL, the certificate of incorporation or these bylaws shall be effective if given by a single written notice to stockholders who share an address if consented to by the stockholders at that address to whom such notice is given. Any such consent shall be revocable by the stockholder by written notice to the corporation. Any stockholder who fails to object in writing to the corporation, within 60 days of having been given written notice by the corporation of its intention to send the single notice, shall be deemed to have consented to receiving such single written notice.

7.4 NOTICE TO PERSON WITH WHOM COMMUNICATION IS UNLAWFUL

Whenever notice is required to be given, under the DGCL, the certificate of incorporation or these bylaws, to any person with whom communication is unlawful, the giving of such notice to such person shall not be required and there shall be no duty to apply to any governmental authority or agency for a license or permit to give such notice to such person. Any action or meeting which shall be taken or held without notice to any such person with whom communication is unlawful shall have the same force and effect as if such notice had been duly given. In the event that the action taken by the corporation is such as to require the filing of a certificate under the DGCL, the certificate shall state, if such is the fact and if notice is required, that notice was given to all persons entitled to receive notice except such persons with whom communication is unlawful.

7.5 WAIVER OF NOTICE

Whenever notice is required to be given to stockholders, directors or other person under any provision of the DGCL, the certificate of incorporation or these bylaws, a written waiver, signed by the person entitled to notice, or a waiver by electronic transmission by the person entitled to notice, whether before or after the time of

the event for which notice is to be given, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders need be specified in any written waiver of notice or any waiver by electronic transmission unless so required by the certificate of incorporation or these bylaws.

ARTICLE VIII – INDEMNIFICATION

8.1 INDEMNIFICATION OF DIRECTORS AND OFFICERS IN THIRD PARTY PROCEEDINGS

Subject to the other provisions of this Article VIII, the corporation shall indemnify, to the fullest extent permitted by the DGCL, as now or hereinafter in effect, 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, administrative or investigative (a "**Proceeding**") (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 or officer of the corporation, or is or was a director or officer of the corporation serving at the request of the corporation as a 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 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. The termination of any Proceeding by judgment, order, settlement, conviction, or upon a plea of *nolo contendere* or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which 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 reasonable cause to believe that such person's conduct was unlawful.

8.2 INDEMNIFICATION OF DIRECTORS AND OFFICERS IN ACTIONS BY OR IN THE RIGHT OF THE CORPORATION

Subject to the other provisions of this Article VIII, the corporation shall indemnify, to the fullest extent permitted by the DGCL, as now or hereinafter in effect, any person 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 by reason of the fact that such person is or was a director or officer of the corporation, or is or was a director or officer of the corporation serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by such person 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 interests of the corporation; 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 Court of Chancery or the 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.

8.3 SUCCESSFUL DEFENSE

To the extent that a present or former director or officer of the corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding described in Section 8.1 or Section 8.2, or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith.

8.4 INDEMNIFICATION OF OTHERS

Subject to the other provisions of this Article VIII, the corporation shall have power to indemnify its employees and agents to the extent not prohibited by the DGCL or other applicable law. The board of directors shall have the power to delegate to such person or persons the determination of whether employees or agents shall be indemnified.

8.5 ADVANCED PAYMENT OF EXPENSES

Expenses (including attorneys' fees) incurred by an officer or director of the corporation in defending any Proceeding shall be paid by the corporation in advance of the final disposition of such Proceeding upon receipt of a written request therefor (together with documentation reasonably evidencing such expenses) and an undertaking by or on behalf of the person to repay such amounts if it shall ultimately be determined that the person is not entitled to be indemnified under this Article VIII or the DGCL. Such expenses (including attorneys' fees) incurred by former directors and officers or other employees and agents may be so paid upon such terms and conditions, if any, as the corporation deems appropriate. The right to advancement of expenses shall not apply to any claim for which indemnity is excluded pursuant to these bylaws, but shall apply to any Proceeding referenced in Section 8.6(ii) or 8.6(iii) prior to a determination that the person is not entitled to be indemnified by the corporation.

Notwithstanding the foregoing, unless otherwise determined pursuant to Section 8.8, no advance shall be made by the corporation to an officer of the corporation (except by reason of the fact that such officer is or was a director of the corporation, in which event this paragraph shall not apply) in any Proceeding if a determination is reasonably and promptly made (i) by a majority vote of the directors who are not parties to such Proceeding, even though less than a quorum, or (ii) by a committee of such directors designated by majority vote of such directors, even though less than a quorum, or (iii) if there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion, that facts known to the decision-making party at the time such determination is made demonstrate clearly and convincingly that such person acted in bad faith or in a manner that such person did not believe to be in or not opposed to the best interests of the corporation.

8.6 LIMITATION ON INDEMNIFICATION

Subject to the requirements in Section 8.3 and the DGCL, the corporation shall not be obligated to indemnify any person pursuant to this Article VIII in connection with any Proceeding (or any part of any Proceeding):

(i) for which payment has actually been made to or on behalf of such person under any statute, insurance policy, indemnity provision, vote or otherwise, except with respect to any excess beyond the amount paid;

(ii) for an accounting or disgorgement of profits pursuant to Section 16(b) of the 1934 Act, or similar provisions of federal, state or local statutory law or common law, if such person is held liable therefor (including pursuant to any settlement arrangements);

(iii) for any reimbursement of the corporation by such person of any bonus or other incentive-based or equity-based compensation or of any profits realized by such person from the sale of securities of the corporation, as required in each case under the 1934 Act (including any such reimbursements that arise from an accounting restatement of the corporation pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 (the "**Sarbanes-Oxley Act**"), or the payment to the corporation of profits arising from the purchase and sale by such person of securities in violation of Section 306 of the Sarbanes-Oxley Act), if such person is held liable therefor (including pursuant to any settlement arrangements);

(iv) initiated by such person, including any Proceeding (or any part of any Proceeding) initiated by such person against the corporation or its directors, officers, employees, agents or other indemnitees, unless (a) the board of directors authorized the Proceeding (or the relevant part of the Proceeding) prior to its initiation, (b) the corporation provides the indemnification, in its sole discretion, pursuant to the powers vested in the corporation under applicable law, (c) otherwise required to be made under Section 8.7 or (d) otherwise required by applicable law; or

(v) if prohibited by applicable law.

8.7 DETERMINATION; CLAIM

If a claim for indemnification or advancement of expenses under this Article VIII is not paid in full within 90 days after receipt by the corporation of the written request therefor, the claimant shall be entitled to an adjudication by a court of competent jurisdiction of his or her entitlement to such indemnification or advancement of expenses. The corporation shall indemnify such person against any and all expenses that are incurred by such person in connection with any action for indemnification or advancement of expenses from the corporation under this Article VIII, to the extent such person is successful in such action, and to the extent not prohibited by law. In any such suit, the corporation shall, to the fullest extent not prohibited by law, have the burden of proving that the claimant is not entitled to the requested indemnification or advancement of expenses.

8.8 NON-EXCLUSIVITY OF RIGHTS

The indemnification and advancement of expenses provided by, or granted pursuant to, this Article VIII shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under the certificate of incorporation or any statute, bylaw, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office. The corporation is specifically authorized to enter into individual contracts with any or all of its directors, officers, employees or agents respecting indemnification and advancement of expenses, to the fullest extent not prohibited by the DGCL or other applicable law.

8.9 INSURANCE

The corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any

liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the corporation would have the power to indemnify such person against such liability under the provisions of the DGCL.

8.10 SURVIVAL

The rights to indemnification and advancement of expenses conferred by this Article VIII shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

8.11 EFFECT OF REPEAL OR MODIFICATION

Any amendment, alteration or repeal of this Article VIII shall not adversely affect any right or protection hereunder of any person in respect of any act or omission occurring prior to such amendment, alteration or repeal.

8.12 CERTAIN DEFINITIONS

For purposes of this Article VIII, references to the "**corporation**" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, employees or agents, so that any person who is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under the provisions of this Article VIII with respect to the resulting or surviving corporation as such person would have with respect to such constituent corporation if its separate existence had continued. For purposes of this Article VIII, references to "**other enterprises**" shall include employee benefit plans; references to "**fines**" shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to "**serving at the request of the corporation**" shall include any service as a director, officer, employee or agent of the corporation which imposes duties on, or involves services by, such director, officer, employee or agent with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner such person reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "**not opposed to the best interests of the corporation**" as referred to in this Article VIII.

ARTICLE IX - GENERAL MATTERS

9.1 EXECUTION OF CORPORATE CONTRACTS AND INSTRUMENTS

Except as otherwise provided by law, the certificate of incorporation or these bylaws, the board of directors may authorize any officer or officers, or agent or agents, to enter into any contract or execute any document or instrument in the name of and on behalf of the corporation; such authority may be general or confined to specific instances. Unless so authorized or ratified by the board of directors or within the agency power of an officer, no officer, agent or employee shall have any power or authority to bind the corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or for any amount.

9.2 FISCAL YEAR

The fiscal year of the corporation shall be fixed by resolution of the board of directors and may be changed by the board of directors.

9.3 SEAL

The corporation may adopt a corporate seal, which shall be adopted and which may be altered by the board of directors. The corporation may use the corporate seal by causing it or a facsimile thereof to be impressed or affixed or in any other manner reproduced.

9.4 CONSTRUCTION; DEFINITIONS

Unless the context requires otherwise, the general provisions, rules of construction, and definitions in the DGCL shall govern the construction of these bylaws. Without limiting the generality of this provision, the singular number includes the plural, the plural number includes the singular, and the term "**person**" includes both a corporation and a natural person.

ARTICLE X - AMENDMENTS

These bylaws may be adopted, amended or repealed by the stockholders entitled to vote; *provided, however*, that the affirmative vote of the holders of at least 66 2/3rd% of the total voting power of outstanding voting securities, voting together as a single class, shall be required for the stockholders of the corporation to alter, amend or repeal, or adopt any bylaw inconsistent with, the following provisions of these bylaws: Article II, Sections 3.1, 3.2, 3.4 and 3.11 of Article III, Article VIII and this Article X (including, without limitation, any such Article or Section as renumbered as a result of any amendment, alteration, change, repeal, or adoption of any other Bylaw). However, the corporation may, in its certificate of incorporation, confer the power to adopt, amend or repeal bylaws upon the directors. The fact that such power has been so conferred upon the directors shall not divest the stockholders of the power, nor limit their power to adopt, amend or repeal bylaws.

A bylaw amendment adopted by stockholders which specifies the votes that shall be necessary for the election of directors shall not be further amended or repealed by the board of directors.

FORTINET, INC.

CERTIFICATE OF AMENDMENT OF BYLAWS

The undersigned hereby certifies that he or she is the duly elected, qualified, and acting Secretary or Assistant Secretary of FORTINET, INC., a Delaware corporation and that the foregoing bylaws, comprising _____ pages, were amended and restated on [*date of amendment*] by the corporation's board of directors.

IN WITNESS WHEREOF, the undersigned has hereunto set his or her hand this __ day of _____, 2009.

_____

Secretary

Exhibit 4.2

THIRD AMENDED AND RESTATED

INVESTORS' RIGHTS AGREEMENT

THIS THIRD AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT (the "Agreement") is entered into as of February 24, 2004, by and among Fortinet, Inc., a Delaware corporation (the "Company"), Ken Xie and Michael Xie (each a "Founder," and collectively, the "Founders") and the investors in the Company listed on Schedule A hereto (referred to collectively as the "Investors" and individually as the "Investor").

WHEREAS, certain Investors (the "Series A Investors") purchased shares of the Company's Series A Preferred Stock, par value $0.001 per share (the "Series A Stock"), pursuant to that certain Series A Preferred Stock Purchase Agreement, dated as of December 14, 2000;

WHEREAS, certain Investors (the "Series B Investors") purchased shares of the Company's Series B Preferred Stock, par value $0.001 per share (the "Series B Stock"), pursuant to that certain Series B Preferred Stock Purchase Agreement, dated as of May 24, 2001;

WHEREAS, certain Investors (the "Series C Investors") purchased shares of the Company's Series C Preferred Stock, par value $0.001 per share (the "Series C Stock"), pursuant to that certain Series C Preferred Stock Purchase Agreement, dated as of May 31, 2002;

WHEREAS, certain Investors (the "Series D Investors") purchased shares of the Company's Series D Preferred Stock, par value $0.001 per share (the "Series D Stock"), pursuant to that certain Series D Preferred Stock Purchase Agreement, dated as of August 15, 2003;

WHEREAS, the Series A Investors, Series B Investors, Series C Investors and Series D Investors possess registration rights, information rights, and other rights pursuant to that certain Amended and Restated Investors' Rights Agreement, dated as of August 15, 2003 between the Company and such Investors (the "Prior Agreement");

WHEREAS, the Company and certain of the Investors are entering into the Series E Preferred Stock Purchase Agreement of even date herewith (the "Purchase Agreement"), pursuant to which the Company shall sell, and the Investors shall acquire, shares of the Company's Series E Preferred Stock, par value $0.001 per share (the "Series E Stock," which together with the Series A Stock, Series B Stock, Series C Stock, and Series D Stock is collectively referred to as the "Preferred Stock");

WHEREAS, the undersigned Series A Investors, Series B Investors, Series C Investors, and Series D Investors desire to terminate the Prior Agreement and to accept the rights created pursuant hereto in lieu of the rights granted to them under the Prior Agreement;

WHEREAS, in order to induce the Company to approve the issuance of the Series E Stock and to induce certain of the Investors to invest funds in the Company pursuant to the Purchase Agreement, the Investors and the Company hereby agree that this Agreement shall govern the rights of the Investors to cause the Company to register shares of Common Stock

issued or issuable to them under the U.S. securities laws and certain other matters as set forth herein; and

WHEREAS, pursuant to Sections 5.7 and 5.8 of the Prior Agreement, the Prior Agreement may be amended by the Company and Investors holding at least seventy-five percent (75%) of the then outstanding Registrable Securities (for the purposes of this clause only, as defined in the Prior Agreement) party thereto, and the undersigned parties to this Agreement include the Company and the holders of a majority of such Registrable Securities.

NOW, THEREFORE, the parties hereto agree as follows:

1. Termination of Prior Rights. Each party hereto agrees and acknowledges that the Prior Agreement is hereby terminated and this Agreement supersedes all prior agreements and understandings among the parties with respect to registration rights for the Registrable Securities (as defined herein) and all other matters addressed herein.

2. Restrictions on Transferability. Each Investor hereby acknowledges and agrees that the Preferred Stock or Common Stock issued upon conversion of the Preferred Stock shall not be sold, assigned, transferred or pledged except upon conditions specified in this Agreement, which conditions are intended, among other things, to ensure compliance with the provisions of the Securities Act of 1933, as amended (the "Securities Act"). Each Investor will cause any proposed purchaser, assignee, transferee or pledgee of the Preferred Stock to agree to take and hold such securities subject to the provisions specified in this Agreement.

3. Registration Rights.

3.1 Certain Definitions. As used in this Agreement:

(a) The terms "register," "registered," and "registration" refer to a registration effected by preparing and filing a registration statement in compliance with the Securities Act and the subsequent declaration or ordering of the effectiveness of such registration statement.

(b) The term "Registrable Securities" means (i) the shares of Common Stock of the Company (the "Common Stock") issuable or issued upon conversion of the Preferred Stock, (ii) the shares of Common stock issuable or issued upon conversion of the Preferred Stock issued upon exercise, conversion or exchange of the Warrants, (iii) the shares of Common Stock issued to the Founders; provided, however, that such shares of Common Stock shall not be deemed Registrable Securities for purposes of Sections 3.2, 3.6, 3.15, 4.1, 4.2, 4.3 and 5.7 and (iv) any other shares of Common Stock issued as (or issuable upon the conversion or exercise of any warrant, right or other security which is issued as) a dividend or other distribution with respect to, upon conversion of, in exchange for or in replacement of the shares referenced in (i), (ii) and (iii) above, excluding in all cases, however, any Registrable Securities sold by a person in a transaction in which such person's rights under this Agreement are not assigned; provided, however, that such Common Stock shall only be treated as Registrable Securities if and so long as they have not been (A) sold to or through a broker or dealer or underwriter in a public distribution or a public securities transaction, including sales made pursuant to Rule 144 promulgated under the Securities Act or (B) sold in a transaction exempt

from the registration and prospectus delivery requirements of the Securities Act under Section 4(1) thereof so that all transfer restrictions, and restrictive legends with respect thereto, if any, are removed upon the consummation of such sale.

(c) The number of shares of "Registrable Securities then outstanding" shall be the sum of the number of shares of Common Stock outstanding that are Registrable Securities plus the number of shares of Common Stock issuable upon exercise or conversion of then exercisable or convertible securities that are Registrable Securities.

(d) The term "Holder" means any (i) Investor or (ii) other person owning or having the right to acquire Registrable Securities who acquired such Registrable Securities in a transaction or series of transactions not involving any registered public offering or who validly was assigned rights hereunder by the transferor.

(e) The term "Form S-3" means such form under the Securities Act as in effect on the date hereof or any registration form under the Securities Act subsequently adopted by the Securities and Exchange Commission ("SEC") that permits inclusion or incorporation of substantial information by reference to other documents filed by the Company with the SEC.

(f) The term "Warrants" means (i) the warrants to purchase Series D Stock and (ii) the warrants to purchase Series E Stock.

3.2 Request for Registration.

(a) Subject to the conditions of this Section 3.2, if the Company shall receive at any time after the earlier of (i) August 15, 2008 or (ii) twelve (12) months after the effective date of the Company's first firm commitment underwritten public offering of its Common Stock (the "Initial Offering"), a written request from the Holders of thirty percent (30%) or more of the Registrable Securities then outstanding (the "Initiating Holders") that the Company file a registration statement under the Securities Act covering the registration of Registrable Securities with an anticipated aggregate offering price of at least $5,000,000, then the Company shall, within twenty (20) days of the receipt thereof, give written notice of such request to all Holders, and subject to the limitations of this Section 3.2, use best efforts to effect, as soon as practicable, the registration under the Securities Act of all Registrable Securities that the Holders request to be registered in a written request received by the Company within twenty (20) days of the mailing of the Company's notice pursuant to this Section 3.2(a).

(b) If the Initiating Holders intend to distribute the Registrable Securities covered by their request by means of an underwriting, they shall so advise the Company as a part of their request made pursuant to this Section 3.2 and the Company shall include such information in the written notice referred to in Section 3.2(a). In such event the right of any Holder to include its Registrable Securities in such registration shall be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting (unless otherwise mutually agreed by a majority in interest of the Initiating Holders and such Holder) to the extent provided herein. All Holders proposing to distribute their securities through such underwriting shall enter into an underwriting

agreement in customary form with the underwriter or underwriters selected for such underwriting by a majority in interest of the Initiating Holders (which underwriter or underwriters shall be reasonably acceptable to the Company). Notwithstanding any other provision of this Section 3.2, if the underwriter advises the Company that marketing factors require a limitation of the number of securities underwritten (including Registrable Securities), then the Company shall so advise all Holders of Registrable Securities that would otherwise be underwritten pursuant hereto, and the number of shares that may be included in the underwriting shall be allocated to the Holders of such Registrable Securities on a pro rata basis based on the number of Registrable Securities held by all such Holders (including the Initiating Holders). In no event shall any Registrable Securities be excluded from such underwriting unless all other securities are first excluded. Any Registrable Securities excluded or withdrawn from such underwriting shall be withdrawn from the registration.

(c) The Company shall not be required to effect a registration pursuant to this Section 3.2:

(i) in any particular jurisdiction in which the Company would be required to execute a general consent to service of process in effecting such registration, unless the Company is already subject to service in such jurisdiction and except as may be required under the Securities Act; or

(ii) after the Company has effected two (2) registrations pursuant to this Section 3.2, and such registrations have been declared or ordered effective; or

(iii) during the period starting with the date sixty (60) days prior to the Company's good faith estimate of the date of the filing of, and ending on a date one hundred eighty (180) days following the effective date of, a Company-initiated registration subject to Section 3.3 below, provided that the Company is actively employing in good faith all reasonable efforts to cause such registration statement to become effective; or

(iv) if the Initiating Holders propose to dispose of Registrable Securities that may be registered on Form S-3 pursuant to Section 3.6 hereof; or

(v) if the Company shall furnish to Holders requesting a registration statement pursuant to this Section 3.2, a certificate signed by the Company's President or Chairman of the Board stating that in the good faith judgment of the Board of Directors of the Company, it would be seriously detrimental to the Company and its stockholders for such registration statement to be effected at such time, in which event the Company shall have the right to defer such filing for a period of not more than ninety (90) days after receipt of the request of the Initiating Holders, provided that such right to delay a request shall be exercised by the Company not more than once in any twelve-month period.

3.3 Company Registration.

(a) If (but without any obligation to do so) the Company proposes to register (including for this purpose a registration effected by the Company for stockholders other than the Holders) any of its stock or other securities under the Securities Act in connection with the public offering of such securities solely for cash (other than a registration relating either to

the sale of securities to participants in a Company stock option, stock purchase or similar plan or a registration relating to a corporate reorganization or other transaction under SEC Rule 145), the Company shall, at such time, promptly give each Holder written notice of such registration. Upon the written request of each Holder given within twenty (20) days after mailing of such notice by the Company, the Company shall, subject to the provisions of Section 3.8, cause to be registered under the Securities Act all of the Registrable Securities that each such Holder has requested to be registered. Each Holder's written request shall state the number of Registrable Securities such Holder wishes to include in such registration statement. Holders that do not elect to participate in any registration and underwriting under this Section 3.3 shall nevertheless continue to have the right to include any Registrable Securities in subsequent registrations and underwritings to which this Section 3.3 is applicable.

(b) The Company shall have the right to terminate or withdraw any registration initiated by it under this Section 3.3 prior to the effectiveness of such registration whether or not any Holder has elected to include securities in such registration. The expenses of such withdrawn registration shall be borne by the Company in accordance with Section 3.7 hereof.

(c) Except as otherwise provided herein, there shall be no limit on the number of times the Holders may request registration of Registrable Securities under this Section 3.3; provided that payment of expenses for such registrations is subject to Section 3.7.

3.4 Obligations of the Company. Whenever required under this Section 3 to effect the registration of any Registrable Securities, the Company shall, as expeditiously as reasonably possible:

(a) Prepare and file with the SEC a registration statement with respect to such Registrable Securities and use its best efforts to cause such registration statement to become effective and, upon the request of the Holders of a majority of the Registrable Securities registered thereunder keep such registration statement effective for up to one hundred twenty (120) days or, if earlier, until the distribution contemplated in the Registration Statement has been completed.

(b) Prepare and file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection with such registration statement as may be necessary to comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such registration statement for the period set forth in paragraph (a) above.

(c) Furnish to the Holders such numbers of copies of a prospectus, including a preliminary prospectus, in conformity with the requirements of the Securities Act, and such other documents as they may reasonably request in order to facilitate the disposition of Registrable Securities owned by them.

(d) Use its best efforts to cause the listing of the Registrable Securities for trading on the Nasdaq Stock Market or on another national or regional securities exchange on which the Common Stock of the Company is then listed or traded.

(e) Use its best efforts to register and qualify the securities covered by such registration statement under such other securities or Blue Sky laws of such jurisdictions as shall be reasonably requested by the Holders, provided that the Company shall not be required in connection therewith or as a condition thereto to qualify to do business or to file a general consent to service of process in any such states or jurisdictions.

(f) In the event of any underwritten public offering, enter into and perform its obligations under an underwriting agreement, in usual and customary form, with the managing underwriter of such offering. Each Holder participating in such underwriting shall also enter into and perform its obligations under such an agreement.

(g) Notify each Holder of Registrable Securities covered by such registration statement at any time when a prospectus relating thereto is required to be delivered under the Securities Act of the happening of any event as a result of which the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing.

(h) Provide a transfer agent and registrar for all Registrable Securities registered pursuant hereunder and a CUSIP number for all such Registrable Securities, in each case not later than the effective date of such registration.

3.5 Furnish Information. The Holder or Holders of Registrable Securities included in any registration shall furnish to the Company such information regarding itself, the Registrable Securities held by it, and the intended method of disposition of such securities as shall be required to effect the registration of such Holder's Registrable Securities.

3.6 Form S-3 Registration. In case the Company shall receive from the Holders of at least fifty percent (50%) of the Registrable Securities then outstanding a written request or requests that the Company effect a registration on Form S-3 and any related qualification or compliance with respect to all or a part of the Registrable Securities owned by such Holder or Holders, the Company shall:

(a) promptly give written notice of the proposed registration, and any related qualification or compliance, to all other Holders; and

(b) use best efforts to effect, as soon as practicable, such registration and all such qualifications and compliances as may be so requested and as would permit or facilitate the sale and distribution of all or such portion of such Holders' Registrable Securities as are specified in such request, together with all or such portion of the Registrable Securities of any other Holders joining in such request as are specified in a written request given within fifteen (15) days after receipt of such written notice from the Company, provided, however, that the Company shall not be obligated to effect any such registration, qualification or compliance, pursuant to this Section 3.6:

(1) if Form S-3 is not available for use by the Company with respect to such offering by the Holders;

(2) if the Holders, together with the holders of any other securities of the Company entitled to inclusion in such registration, propose to sell Registrable Securities and such other securities (if any) at an aggregate price to the public (net of any underwriters' discounts or commissions) of less than $1,000,000;

(3) if the Company shall furnish to the Holders a certificate signed by the President or Chairman of the Board of the Company stating that in the good faith judgment of the Board of Directors of the Company, it would be seriously detrimental to the Company and its stockholders for such Form S-3 Registration to be effected at such time, in which event the Company shall have the right to defer the filing of the Form S-3 registration statement for a period of not more than one hundred twenty (120) days after receipt of the request of the Holder or Holders under this Section 3.6; provided, however, that the Company shall not utilize this right more than once in any twelve-month period;

(4) if the Company has, within the twelve-month period preceding the date of such request, already effected one registration on Form S-3 for the Holders pursuant to this Section 3.6; or

(5) in any particular jurisdiction in which the Company would be required to qualify to do business or to execute a general consent to service of process in effecting such registration, qualification or compliance;

(c) If the Initiating Holders intend to distribute the Registrable Securities covered by their request by means of an underwriting, they shall so advise the Company as a part of their request made pursuant to this Section 3.6 and the Company shall include such information in the written notice referred to in Section 3.6(a). The provisions of Section 3.2(b) shall be applicable to such request (with the substitution of Section 3.6 for references to Section 3.2).

(d) Subject to the foregoing, the Company shall file a registration statement on Form S-3 covering the Registrable Securities and other securities so requested to be registered as soon as practicable after receipt of the request or requests of the Holders. Registrations effected pursuant to this Section 3.6 shall not be counted as requests for registration effected pursuant to Section 3.2. Except as otherwise provided herein, there shall be no limit on the number of times the Holders may request registration of Registrable Securities under this Section 3.6.

3.7 Expenses. The Company shall bear the registration expenses (exclusive of underwriting discounts, commissions and, other than as set forth below, expenses of special

counsel of a selling stockholder) of up to two demand registrations pursuant to Section 3.2, three "piggyback registrations" pursuant to Section 3.3 and all Form S-3 registrations pursuant to Section 3.6, including the expenses of one special counsel to the selling stockholders not to exceed Twenty-Five Thousand Dollars ($25,000). Notwithstanding the foregoing, the Company shall not be required to pay for any expenses of any registration proceeding begun pursuant to Section 3.2 or Section 3.6 if the registration request is subsequently withdrawn at the request of the Holders of a majority of the Registrable Securities to be registered (in which case all participating Holders shall bear such expenses pro rata based upon the number of Registrable Securities that were to be included in the withdrawn registration), *provided, however,* that in the case of a registration requested under Section 3.2 which is subsequently withdrawn, the Company shall pay the expenses of such registration if in connection therewith, the Holders of a majority of the Registrable Securities agree to forfeit their right to one (1) demand registration pursuant to Section 3.2 and, *provided, further*, that if at the time of such withdrawal, the Holders have learned of a material adverse change in the condition, business or prospects of the Company from that known to the Holders at the time of their request and have withdrawn the request with reasonable promptness following disclosure by the Company of such material adverse change, then the Holders shall not be required to pay any of such expenses and shall retain their rights pursuant to Sections 3.2 and 3.6.

3.8 Underwriting Requirements. In connection with any offering involving an underwriting of shares being issued by the Company, the Company shall not be required under Section 3.3 to include the Registrable Securities of any Holder that fails to execute the underwriting agreement entered into between the Company and the underwriter or underwriters selected by it. In addition, the Company shall be required to include in the offering only that number of Registrable Securities that the underwriters determine in good faith will not jeopardize the success of the offering (the securities so included to be apportioned pro rata among the selling Holders based on the number of Registrable Securities held by all selling Holders or in such other proportions as shall mutually be agreed to by such selling Holders), but in no event shall (i) the amount of securities of the selling Holders included in the offering be reduced below twenty five percent (25%) of the total amount of securities included in such offering, unless such offering is the Initial Offering, in which case the selling Holders may be completely excluded if the underwriters make the determination described above and no other stockholder's securities are included, (ii) any securities held by the Founder be included if any securities held by the Investors are excluded, and (iii) any securities (other than those of the Company) be included in such underwriting which would reduce the number of shares included by the Holders without the consent of the majority-in-interest of the Holders of the outstanding Registrable Securities that desire to include securities in the offering.

3.9 Delay of Registration. No Holder shall have any right to obtain or seek an injunction restraining or otherwise delaying any such registration as the result of any controversy that might arise with respect to the interpretation or implementation of this Section 3.

3.10 Indemnification. In the event any Registrable Securities are included in a registration statement under this Section 3:

(a) To the extent permitted by law, the Company will indemnify and hold harmless each Holder, any underwriter (as defined in the Securities Act) for such Holder

and each person, if any, who controls such Holder or underwriter within the meaning of the Securities Act or the Securities Exchange Act of 1934, as amended (the "1934 Act"), against any losses, claims, damages, or liabilities (joint or several) to which they may become subject under the Securities Act, the 1934 Act, any state securities law or any rule or regulation promulgated under such laws, insofar as such losses, claims, damages, or liabilities (or actions in respect thereof) arise out of or are based upon any of the following statements, omissions or violations (collectively a "Violation"): (i) any untrue statement or alleged untrue statement of a material fact contained in such registration statement, including any preliminary prospectus or final prospectus contained therein or any amendments or supplement thereto, (ii) the omission or alleged omission to state therein a material fact required to be stated therein, or necessary to make the statements therein not misleading, or (iii) any violation or alleged violation by the Company of the Securities Act, the 1934 Act, any state securities law or any rule or regulation promulgated under the Securities Act, the 1934 Act or any state securities law; and the Company will pay as incurred to each such Holder, underwriter or controlling person, any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability, or action; provided, however, that the indemnity agreement contained in this subsection shall not apply to amounts paid in settlement of any such loss, claim, damage, liability, or action if such settlement is effected without the consent of the Company (which consent shall not be unreasonably withheld), nor shall the Company be liable in any such case for any such loss, claim, damage, liability, or action to the extent that it arises out of or is based upon a Violation which occurs in reliance upon and in conformity with written information furnished expressly for use in connection with such registration by any such Holder, underwriter or controlling person and is subject to the condition that, insofar as it relates to any such untrue statement, alleged untrue statement, omission or alleged omission made in a preliminary prospectus on file with the SEC at the time the registration statement becomes effective or the amended prospectus filed with the SEC pursuant to Rule 424(b) (the "Final Prospectus"), such indemnity agreement shall not inure to the benefit of (i) any underwriter, if a copy of the Final Prospectus was not furnished to the person asserting the loss, liability, claim or damage at or prior to the time such action is required by the Securities Act, and if the Final Prospectus would have cured the defect giving rise to the loss, liability, claim or damage or (ii) any Holder, if there is no underwriter and if a copy of the Final Prospectus was furnished to such Holder and was not subsequently furnished by the Holder to the person asserting the loss, liability, claim or damage at or prior to the time such action is required by the Securities Act, if the Final Prospectus would have cured the defect giving rise to the loss, liability, claim or damage.

(b) To the extent permitted by law, each selling Holder will indemnify and hold harmless the Company, each of its directors, each of its officers who has signed the registration statement, each person, if any, who controls the Company within the meaning of the Securities Act, any underwriter, any other Holder selling securities in such registration statement and any controlling person of any such underwriter or other Holder, against any losses, claims, damages, or liabilities (severally and not jointly) to which any of the foregoing persons may become subject, under the Securities Act, the 1934 Act or other federal or state law, insofar as such losses, claims, damages, or liabilities (or actions in respect thereto) arise out of or are based upon any Violation, in each case to the extent (and only to the extent) that such Violation occurs in reliance upon and in conformity with written information furnished by such Holder expressly for use in connection with such registration; and each such Holder will pay, as incurred, any legal or other expenses reasonably incurred by any person intended to be indemnified pursuant to

this subsection, in connection with investigating or defending any such loss, claim, damage, liability, or action; provided, however, that the indemnity agreement contained in this subsection shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Holder, which consent shall not be unreasonably withheld; provided that in no event shall any indemnity under this subsection exceed the net proceeds from the offering received by such Holder.

(c) Promptly after receipt by an indemnified party under this Section of notice of the commencement of any action (including any governmental action), such indemnified party will, if a claim in respect thereof is to be made against any indemnifying party under this Section, deliver to the indemnifying party a written notice of the commencement thereof and the indemnifying party shall have the right to participate in, and, to the extent the indemnifying party so desires, jointly with any other indemnifying party similarly noticed, to assume the defense thereof with counsel mutually satisfactory to the parties; provided, however, that an indemnified party shall have the right to retain its own counsel, with the fees and expenses to be paid by the indemnifying party, if representation of such indemnified party by the counsel retained by the indemnifying party would be inappropriate due to actual or potential differing interests between such indemnified party and any other party represented by such counsel in such proceeding. The failure to deliver written notice to the indemnifying party within a reasonable time of the commencement of any such action, if prejudicial to its ability to defend such action, shall relieve such indemnifying party of any liability to the indemnified party under this Section, but the omission so to deliver written notice to the indemnifying party will not relieve it of any liability that it may have to any indemnified party otherwise than under this Section.

(d) If the indemnification provided for in this Section is held by a court of competent jurisdiction to be unavailable to an indemnified party with respect to any loss, liability, claim, damage or expense referred to herein, then the indemnifying party, in lieu of indemnifying such indemnified party hereunder, shall contribute to the amount paid or payable by such indemnified party as a result of such loss, liability, claim, damage or expense in such proportion as is appropriate to reflect the relative fault of the indemnifying party on the one hand and of the indemnified party on the other in connection with the statements or omissions that resulted in such loss, liability, claim, damage or expense, as well as any other relevant equitable considerations; provided, however, that no contribution by any Holder, when combined with any amounts paid by such Holder pursuant to Section 3.10(b), shall exceed the net proceeds from the offering received by such Holder. The relative fault of the indemnifying party and of the indemnified party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission to state a material fact relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to information, and opportunity to correct or prevent such statement or omission.

(e) The obligations of the Company and Holders under this Section shall survive the completion of any offering of Registrable Securities in a registration statement under this Section 3, and otherwise.

(f) Notwithstanding the foregoing, to the extent that the provisions on indemnification and contribution contained in the underwriting agreement entered into in connection with the underwritten public offering are in conflict with the foregoing provisions, the provisions in the underwriting agreement shall control.

3.11 Reports Under Securities Exchange Act of 1934. With a view to making available to the Holders the benefits of Rule 144 promulgated under the Securities Act and any other Rule or regulation of the SEC that may at any time permit a Holder to sell securities of the Company to the public without registration, the Company agrees to:

(a) make and keep public information available, as those terms are understood and defined in SEC Rule 144 (or any successor rule promulgated under the Securities Act, "Rule 144"), at all times after the effective date of the first registration statement filed by the Company for the offering of its securities to the general public; and

(b) file with the SEC in a timely manner all reports and other documents required of the Company under the Securities Act and the 1934 Act; and

(c) furnish to any Holder, so long as the Holder owns any Registrable Securities, forthwith upon request (i) a written statement by the Company that it has complied with the reporting requirements of Rule 144 (at any time after ninety (90) days after the effective date of the first registration statement filed by the Company), the Securities Act and the 1934 Act (at any time after it has become subject to such reporting requirements), or that it qualifies as a registrant whose securities may be resold pursuant to Form S-3 (at any time after it so qualifies), (ii) a copy of the most recent annual or quarterly report of the Company and such other reports and documents so filed by the Company, and (iii) such other information in the possession of or reasonably obtainable by the Company as any Holder may reasonably request in availing itself of any rule or regulation of the SEC which permits the selling of any such securities without registration or pursuant to such form.

3.12 Assignment of Registration Rights. The rights to cause the Company to register Registrable Securities pursuant to this Section 3 may be assigned by an Investor to a transferee or assignee who agrees in writing to be bound by the terms hereof; provided that the Company is, within a reasonable time after such transfer, furnished with written notice of the name and address of such transferee or assignee and the securities with respect to which such registration rights are being assigned; and provided, further, that such assignment shall be effective only if immediately following such transfer the further disposition of such securities by the transferee or assignee is restricted under the Securities Act. The foregoing limitation shall not apply, however, to transfers by an Investor to other stockholders of the Company, stockholders or other equity holders of an Investor, other entities in which an Investor is a stockholder or equity holder, affiliates, family members, family trusts, partners, limited partners or retired partners or members of the Investor (including spouses and ancestors, lineal descendants and siblings of such partners or spouses who acquire Registrable Securities by gift, will or intestate succession) if all such transferees or assignees agree in writing to be bound by the terms hereof and to appoint a single representative as their attorney in fact for the purpose of receiving any notices and exercising their rights under this Agreement.

3.13 Market Stand-Off Agreement. Each Holder of Registrable Securities and each Founder hereby agrees that for a period not to exceed 180 days following the effective date of a registration statement of the Company filed under the Securities Act, it shall not, to the extent requested by the Company and such underwriter, sell or otherwise transfer or dispose of (other than to donees who agree to be similarly bound) any Common Stock (or other securities) of the Company held by it at any time during such period except Common Stock included in such registration; provided, however, that:

(a) such agreement shall be applicable only to the first such registration statement of the Company which covers Common Stock (or other securities) to be sold on its behalf to the public in an underwritten offering;

(b) all officers and directors and greater than or equal to one percent (1%) stockholders of the Company enter into similar agreements; and

(c) the Company shall not during same period sell, or otherwise transfer or dispose any Common Stock of the Company, except in connection with the grant to and/or exercise of stock options by employees, consultants and directors of the Company.

To enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to the Registrable Securities of the Investor (and the shares or securities of every other person subject to the foregoing restriction) until the end of such period. The underwriters in connection with the Company's initial underwritten public offering are intended third-party beneficiaries of this Section 3.13 and shall have the right, power and authority to enforce the provisions hereof as though they were a party hereto. Any discretionary waiver or termination of the restrictions of any or all of such market stand-off agreements by the Company or the underwriters shall apply to all Holders subject to such agreements pro rata based on the number of shares subject to such agreements.

3.14 Termination of Registration Rights. No Holder shall be entitled to exercise any right provided for in this Section 3 (a) after five (5) years following the consummation of the Company's Initial Offering or (b) as to any Holder, during such earlier time at which the Company's shares are publicly traded on a national securities exchange or the Nasdaq Stock Market (or substantially equivalent or successor securities market) and all Registrable Securities held by such Holder can be sold in compliance with Rule 144.

3.15 Limitation on Subsequent Registration Rights. From and after the date of this Agreement, the Company shall not, without the prior written consent of the Holders of at least seventy-five percent (75%) of the outstanding Registrable Securities, enter into any agreement granting any holder or prospective holder of any securities of the Company registration rights senior to or pari passu with those granted to the Holders hereunder.

4. Covenants of the Company.

The Company hereby covenants to each of the Investors as follows:

4.1 Delivery of Financial Statements

(a) Basic Financial Information and Reporting.

(1) The Company will maintain true books and records of account in which full and correct entries will be made of all its business transactions pursuant to a system of accounting established and administered in accordance with generally accepted accounting principles consistently applied, and will set aside on its books all such proper accruals and reserves as shall be required under generally accepted accounting principles consistently applied.

(2) The Company will furnish each Holder as soon as practicable after the end of each fiscal year of the Company, and in any event within ninety (90) days thereafter, a consolidated balance sheet of the Company, as at the end of such fiscal year, and a consolidated statement of income and a consolidated statement of cash flows of the Company, for such year, all prepared in accordance with generally accepted accounting principles and setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail. Such financial statements shall be accompanied by a report and opinion thereon by independent public accountants of national standing selected by the Company's Board of Directors.

(b) In addition, the Company shall deliver to each Investor who holds at least 250,000 shares of Preferred Stock (as adjusted for any stock dividends, combinations, splits, recapitalizations, or the like with respect to such shares) in the Company (a "Major Investor"), unaudited quarterly consolidated statements of income and cash flows of the Company in the same reasonable detail as the financial statements delivered pursuant to Section 4.1(a)(2) and the Company's operating business plan for the fiscal year prior to the beginning of that fiscal year.

4.2 Inspection. The Company shall permit each Major Investor, at such Major Investor's expense, reasonable access to allow such Major Investor to visit and inspect the Company's properties, to examine its books of account and records and to discuss the Company's affairs, finances and accounts with its officers, all at such reasonable times as may be requested by the Major Investor; provided, however, that the Company shall not be obligated pursuant to this Section 4.2 to provide access to any information that it reasonably considers to be a trade secret or similar confidential information.

4.3 Right of First Offer. (a) Subject to the terms and conditions specified in this Section 4.3, the Company hereby grants to each Major Investor a right of first offer (the "Right of First Offer") to purchase up to or all of its pro rata share of any Additional Shares of Common Stock (as defined below) that the Company may, from time to time, propose to sell and issue. A Major Investor's pro rata share, for purposes of this Right of First Offer, is the ratio of: the number of shares of Common Stock owned by such Major Investor immediately prior to the

issuance of the Additional Shares of Common Stock, assuming full conversion of any Preferred Stock and the exercise of any option or warrant held by such Major Investor, to the total number of shares of the Company's outstanding Common Stock, assuming full conversion of the Preferred Stock and exercise of all outstanding convertible securities, rights, options and warrants. For purposes of this Section 4.3, "Major Investor" includes any general partners or affiliates of a Major Investor. A Major Investor shall be entitled to apportion the Right of First Offer hereby granted it among itself and its affiliates in such proportions as it deems appropriate.

(b) In the event the Company proposes to undertake an issuance of Additional Shares of Common Stock, it shall give each Major Investor written notice (the "Issuance Notice") of its intention, describing the type of Additional Shares of Common Stock, their price and the general terms upon which the Company proposes to issue the same. Each Major Investor shall have ten (10) business days after the receipt of such notice to agree to purchase up to or all of such Major Investor's pro rata share of such Additional Shares of Common Stock for the price and upon the terms specified in the notice by giving written notice to the Company and stating therein the quantity of the Additional Shares of Common Stock to be purchased. The Company shall promptly, in writing, inform each Major Investor that purchases all the shares available to it (each, a "Fully-Exercising Investor") of any other Major Investor's failure to do likewise. During the 10-day period commencing after receipt of such information, each Fully-Exercising Investor shall be entitled to obtain up to that portion of the Additional Shares of Common Stock for which Major Investors were entitled to subscribe but which were not subscribed for by the Major Investors that is equal to the proportion that the number of shares of Registrable Securities then held by such Fully-Exercising Investor bears to the total number of shares of Registrable Securities held by all Fully-Exercising Investors (assuming full conversion and exercise of all convertible or exercisable securities then outstanding).

(c) If all Additional Shares of Common Stock that Major Investors are entitled to obtain pursuant to Section 4.3(a) are not elected to be obtained as provided in Section 4.3(a) and (b), the Company may, during the ninety (90) day period following the expiration of the period provided in Section 4.3(b), offer the remaining unsubscribed portion of such Additional Shares of Common Stock to any person or persons at a price not less than that, and upon terms no more favorable to the offeree than those specified in the Issuance Notice. If the Company does not enter into an agreement for the sale of the Additional Shares of Common Stock within such period, or if such agreement is not consummated within ninety (90) days of the execution thereof, the right provided hereunder shall be deemed to be revived and such Additional Shares of Common Stock shall not be offered unless first reoffered to the Major Investors in accordance herewith.

(d) For the purposes of this Section 4.3, Additional Shares of Common Stock shall mean any shares of, or securities convertible into or exchangeable or exercisable for any shares of, capital stock of the Company; provided that Additional Shares of Common Stock shall not include (1) Common Stock issued upon conversion of Series A Stock, Series B Stock, Series C Stock, Series D Stock or Series E Stock; (2) the Warrants or any securities issuable or issued upon exercise, conversion or exchange of the Warrants; (3) securities issued to employees, consultants, officers or directors of the Company pursuant to any stock grant, stock option plan, stock purchase plan or other employee stock incentive program approved by the Company's Board of Directors; (4) securities issued in any Qualified Public Offering (as defined

in the Company's Certificate of Incorporation, as amended from time to time); (5) securities issued pursuant to the acquisition by merger, purchase of assets, or other reorganization, of another corporation by the Company whereby the stockholders of the Company will own greater than 50% of the voting power of the surviving entity; (6) securities issued in connection with any equipment lease financing transaction, equipment purchase transaction, real estate leases or bank financing transaction, provided that such issuance is primarily for other than equity financing purposes; (7) securities issued to corporate or strategic partners pursuant to transactions approved by the Company's Board of Directors, provided that such issuance is primarily for other than equity financing purposes; (8) shares of Common Stock or Preferred Stock issued in connection with any stock split, stock dividend, or recapitalization of the Company; or (9) Series E Stock issued after the date hereof pursuant to the terms of the Purchase Agreement.

4.4 Reservation of Common Stock. The Company will at all times reserve and keep available, solely for issuance and delivery upon the conversion of the Preferred Stock, all Common Stock issuable from time to time upon such conversion.

4.5 Common Stock Vesting. All shares of Common Stock (including options therefor) granted to new employees shall after the date hereof (i) vest with respect to 25% of such shares following the first year of service to the Company, and with respect to an additional 1/48th of such shares after each additional month of service to the Company, such that the shares shall be fully vested after four (4) years of service to the Company, (ii) be nontransferable prior to vesting as provided in the preceding subsection (i), (iii) be subject to a right of first refusal in favor of the Company until the Company's Initial Offering, and (iv) be subject to Section 3.13 hereof. Shares of Common Stock (or options therefor) granted to members of the Board of Directors or advisors to the Company may vest monthly, provided that the vesting terms for such shares shall be approved by the Board of Directors.

4.6 Proprietary Information and Inventions Agreements. The Company shall require all employees and consultants to execute and deliver a Proprietary Information and Inventions Agreement in substantially the form provided to the Investors.

4.7 Termination of Covenants. The covenants of the Company contained in Sections 4.1, 4.2, 4.3, 4.4 and 4.5 shall expire and terminate as to each Investor immediately after the effectiveness of the Company's Initial Offering.

5. Miscellaneous.

5.1 Assignment. Subject to the provisions of Section 3.12 hereof, the terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties hereto.

5.2 Governing Law. This Agreement and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be governed, construed and interpreted in accordance with the laws of the State of California, without giving effect to principles of conflicts of law.

5.3 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

5.4 Notices. Unless otherwise provided, any notice under this Agreement shall be given in writing and shall be deemed effectively delivered (a) upon personal delivery to the party to be notified, (b) upon confirmation of receipt by fax or electronic mail by the party to be notified if sent during normal business hours of the recipient; if not, then on the next business day, (c) one (1) business day after deposit with a reputable overnight courier, prepaid for overnight delivery and addressed as set forth in (d), or (d) five days after deposit with the United States Postal Service, postage prepaid, registered or certified with return receipt requested and addressed to the party to be notified at the address indicated for such party on the exhibits hereto, or at such other address as such party may designate by 10 days advance written notice to the other party given in the foregoing manner.

5.5 Ownership. Each Founder represents and warrants that such Founder is the sole legal and beneficial owner of the shares of stock subject to this Agreement and that no other person has any interest (other than a community property interest) in such shares.

5.6 Severability. If one or more provisions of this Agreement are held to be unenforceable under applicable law, portions of such provisions, or such provisions in their entirety, to the extent necessary, shall be severed from this Agreement, and the balance of this Agreement shall be enforceable in accordance with its terms.

5.7 Amendment, Waiver and Additional Rights. Any provision of this Agreement (other than Sections 4.1(b), 4.2 and 4.3) may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively) only with the written consent of (i) the Company and (ii) the Holders holding at least seventy-five percent (75%) of the then outstanding Registrable Securities; provided, however, that in the event that such amendment or waiver adversely affects the obligations or rights of the Founders in a different manner than the other Holders, such amendment or waiver shall also require the written consent of the holders of a majority in interest of the Founders. The provisions of Sections 4.1(b), 4.2 and 4.3 may be amended or waived (either generally or in a particular instance and either retroactively or prospectively) only with the written consent of (i) the Company and (ii) the holders of at least seventy-five percent (75%) of the then outstanding Registrable Securities then held by the Major Investors. Any amendment or waiver effected in accordance with this paragraph shall be binding upon each holder of any Registrable Securities, each future holder of all such Registrable Securities, and the Company.

Any amendment or waiver effected in accordance with this Section 5.7 shall be binding upon each Holder of Registrable Securities.

5.8 Effect of Amendment or Waiver. Each Investor and each such Investor's respective successors and assigns acknowledge that by the operation of, and subject to, Section 5.7 hereof, the holders of at least seventy-five percent (75%) of the then outstanding

Registrable Securities, acting in conjunction with the Company, will have the right and power to diminish or eliminate all rights pursuant to this Agreement.

5.9 Rights of Holders. Each Holder of Registrable Securities shall have the absolute right to exercise or refrain from exercising any right or rights that such Holder may have by reason of this Agreement, including, without limitation, the right to consent to the waiver or modification of any obligation under this Agreement, and such holder shall not incur any liability to any other holder of any securities of the Company as a result of exercising or refraining from exercising any such right or rights.

5.10 Delays or Omissions. No delay or omission to exercise any right, power or remedy accruing to any party to this Agreement, upon any breach or default of the other party, shall impair any such right, power or remedy of such non-breaching party nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of or in any similar breach or default thereafter occurring; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of any party of any breach or default under this Agreement, or any waiver on the part of any party of any provisions or conditions of this Agreement, must be made in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement, or by law or otherwise afforded to any holder, shall be cumulative and not alternative.

5.11 Expenses. If any action at law or in equity is necessary to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees, costs and necessary disbursements in addition to any other relief to which such party may be entitled.

5.12 Aggregation of Stock. All shares of Registrable Securities held or acquired by affiliated entities (including affiliated venture capital funds) or persons shall be aggregated together for the purpose of determining the availability of any rights under this Agreement.

5.13 Addition of Investors. Notwithstanding anything to the contrary contained herein, if, following the date hereof, the Company shall issue additional shares of Series E Stock pursuant to the Purchase Agreement, any purchaser of such shares of Series E Stock (the "New Purchaser") shall become a party to this Agreement by executing and delivering an additional counterpart signature page to this Agreement, in each case without having to obtain the signature, consent or permission of the Holders hereunder. Upon execution and delivery of said counterpart signature page, the New Purchaser shall be deemed an Investor hereunder.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties have executed this Third Amended and Restated Investors' Right Agreement effective as of the day and year first written above.

FORTINET, INC.

By: /s/ Ken Xie
Name: Ken Xie
Title: President

SIGNATURE PAGE TO THIRD AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT

IN WITNESS WHEREOF, the parties have executed this Third Amended and Restated Investor's Right Agreement effective as of the day and year first written above.

FOUNDERS:

By: /s/ Ken Xie
Ken Xie

By: /s/ Michael Xie
Michael Xie

SIGNATURE PAGE TO THIRD AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT

IN WITNESS WHEREOF, the parties have executed this Third Amended and Restated Investor's Right Agreement effective as of the day and year first written above.

INVESTORS:

Redpoint Ventures II, L.P., by its General Partner
Redpoint Ventures II, LLC

Redpoint Associates II, LLC, as nominee

_____

_____, Manager

SIGNATURE PAGE TO THIRD AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT

IN WITNESS WHEREOF, the parties have executed this Third Amended and Restated Investor's Right Agreement effective as of the day and year first written above.

INVESTORS:

MAIN FUND

Meritech Capital Partners II L.P.

By: Meritech Capital Associates II L.L.C.
its General Partner

By: Meritech Management Associates II L.L.C.
a managing member

By: _____
Paul S. Madera, a managing member

SIDE FUND

Meritech Capital Affiliates II L.P.

By: Meritech Capital Associates II L.L.C.
its General Partner

By: Meritech Management Associates II L.L.C.
a managing member

By: _____
Paul S. Madera, a managing member

ENTREPRENEUR FUND

MCP Entrepreneur Partners II L.P.

By: Meritech Capital Associates II L.L.C.
its General Partner

By: Meritech Management Associates II L.L.C.
a managing member

By: _____
Paul S. Madera, a managing member

SIGNATURE PAGE TO THIRD AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT

IN WITNESS WHEREOF, the parties have executed this Third Amended and Restated Investor's Right Agreement effective as of the day and year first written above.

INVESTORS:

By: _____

Name: _____

Title: _____

SIGNATURE PAGE TO THIRD AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT

CONSENT OF SPOUSE

I acknowledge that I have read the foregoing Agreement and that I know its contents. I am aware that by its provisions if I and/or my spouse agree to sell all or part of the shares of the Company held of record by either or both of us, including my community property interest in such shares, if any, certain rights of co-sale rights (as described in the Agreement) must be granted to certain investors by the seller. I hereby agree that those shares and my interest in them, if any, are subject to the provisions of the Agreement and that I will take no action at any time to hinder operation of, or violate, the Agreement.

Dated:_____

BY: _____

NAME: _____

SCHEDULE A

INVESTORS

Series A Preferred Stockholders

Adisak Mekkittikul
Andrew Ji & Jin Xi
Bing Xie
Denali Capital Ltd.
Esun Advantage Inc.
Golden Rainbow Trust
Hai-Ping Jin
Inkeun Lee
Jun Ye & Huiqing Wang
Ken Xie
Lillian Xie Trust-2000
May Wang Trust
Meth Jiaravanont
Michael Xie
Michelle Yang Xie Trust-2000
Nasser Hiekali
Shang-Fang Shen
Shyh-hua Chen
Steven Sun
Vertical Investment
Wayne Chou
Wen-Chuan Liu & Aileen Lu
Xiao-Fan Cao
Xun Chen
Yan Sun & Rong Pan
Yuyi Wu
Zhi-Fang Shen

Series B Preferred Stockholders

Chao-Ti Chen
Cintec Partners, LLP
David Liu
Debbie Chui
DEFTA Alliance Fund II, LP
Defta Archipelago, LLC
Denali Capital Ltd.
East.net Holdings Ltd.
Fun-Pin Chang
Global Alliance
Grace G. Li
Hui Wu
Irving H. Dwu
James X. Chen
Jun Yu
Kane Investment Group Corp.
Kirby G. Liu
Lien-Fu Huang
Li-Qian Sun
LiZhe Sun
Masaharu Shinya
Meth Jiaravanont
Rainbow Family Trust
Roger Kao
Shih-Tsung Chang
Shyh-hua Chen
Softfoundry International Inc.
Ta-Lin Hsu
Tricia Y. Chu
Warren Chi
Wei Su
Wen-Chuan Liu & Aileen Lu
Xie Family Trust, u/I dtd.April 10, 2001
Yen-Ping Ting
Yuyi Wu

Series C Preferred Stockholders

Chi Tung Lin
Christina & Abel Lo
Coba Management, LLC
David Marley
DEFTA Alliance Fund II, LP
Defta Archipelago, LLC
Defta Ubiquitous Technologies, LP
Eiichi Takaya
Elaine S. Tsang
Fariborz Boustantchi
Forval Creative, Inc.
Hong Sun Kim
Hsin-Hui Yang Tseng
Jens Montanana
Kane Investment Group Corp.
Ken Xie
Lana S. Tsang
Masaharu Shinya
Mikio Yamazaki
Ming T Cheng & Donna Cheng
Pacific Rim Capital, LLC
Peng Cheng & Xiaoyu Yang
Rainbow Family Trust
Softfoundry International Inc.
Steven S. Tsang
Ta-Lin Hsu
Tech Asia
Ting-Shun Wu
Victor S. Tsang
Victor S. Tsang 1987 Trust
Zuken, Inc.

Series D Preferred Stockholders

1Source, Inc.
Christina & Abel Lo
Christophe Culine
Elaine S. Tsang
Fortunetech Seed Fund
Hsin-Hui Yang Tseng
Janice Hwang Shieh
Jens Andreassen
Jens Montanana
Ken Xie
Lana S. Tsang
Lihong Shan
MCP Entrepreneur Partners II L.P.
Meritech Capital Affiliates II L.P.
Meritech Capital Partners II L.P.
Pacific Rim Capital, LLC
Pao-Kong Lu & Su-Jing Ma Lu
Rainbow Family Trust
Redpoint Associates II, LLC
Redpoint Ventures II, L.P.
Richard Kagan
SiS Investment Holdings Limited
Steven S. Tsang
Ting Wu
Tony & Diana Wong
Twin Lakes Limited
Victor S. Tsang, 1987 Trust
William Botti
Yun-Leo & Don-Mei Tao

Series E Preferred Stockholders
First Closing: February 24, 2004

Redpoint Ventures II, L.P.
Redpoint Associates II, LLC
Meritech Capital Partners II, L.P.
Meritech Capital Affiliates II L.P.
MCP Entrepreneur Partners II L.P.
Defta Alliance Fund II, LP
Defta Alliance Fund I, LP
Defta Ubiquitous Technologies, LP
Defta Corporate Capital II
Defta Fortinet Holdings, LP
IP Fund One, L.P.
AP3 Co-Investment Partners, LDC
Rainbow Family Trust
Elaine Tsang
Dah-Wen Tsang / Jerry Chen-Li Lu
Steven Tsang
Lana Tsang
Techgains Pan Pacific Corporation
Techgains International Corporation
Techgains Global Corporation
Acorn Angels 2000, LLC
Ruth Kai-Tai Chan
Pacific Rim Capital LLC
Abel Lo and Christina Lo
Investel Inc.
Laichin Lo
Chou Mou, Lih-ER
Channel Heart Limited
Hsin-Hui Yang Tseng
H&Q/GAI Incubation Fund, L.P.
Opus 99

Series E Preferred Stockholders
Second Closing: February 25, 2004

Richard Hanke
Tech Asia Partners I. LP
Sen-Yuan Ro
Midas Technology
Softfoundry International Inc.
Techgains International Corporation
Techgains Global Corporation
Technology Associates Management Company, Ltd.
Tekkang Management Consulting Inc.
Business Dimension Universal Ltd.
SIS Investment Holding Limited
Gold Sceptre Limited
Redpine Finance Holding, Inc.
Sunny Century LLP
Hsun K. Chou and Aiko Chou Living Trust
Judy Chang
Cherry Hu
Yuanzhi Li
Keith Andre

Series E Preferred Stockholders
Third Closing: May 20, 2004

United International Assets Ltd.
Dong Kwan Kim
Masaharu Shinya
Yun-Shu Chiang Kao
Miranda Y. Chen
Melinda P. Chen
Shakir A. Khan
Ting-Shun Wu
Daniel Daolin Mao
Manish Mishra
Jens Montanana
Matthew A. Ocko
Perche Patrice
Peter James Drinkwater
Shearman & Sterling LLP
International Network Capital Global Fund
International Network Capital Global Investment Limited
Don G. Helmstetter
H. J. Weernink
F. M. G. de Vries
Amir Qamar
Iqbal Ashraf
Wyse Investment
High Tech International Venture
Yan Cao
L. Hayes Drumwright
Hauman Technologies Corp.
FortiNet Inc. of Eleven Rings L.L.C.
Shan-Shan Fang
Neal N. Rydall and Catherine A. Rydall, Trustees of the Neal N. Rydall and Catherine A. Rydall Revocable Trust dated 3/20/2000
Boustantchi Fariborz
Stein Living Trust 6/8/99

Series E Preferred Stockholders
Fourth Closing: March 31, 2005

Global Startups LLC
Presidio Venture Partners
Callas Holding S.A.

Series E Preferred Stockholders
Fifth Closing: June __, 2005

Chen Kuo Family Trust
David Peng
DCM Affiliates Fund IV, L.P.
DCM IV, L.P.
Dynacap Global Performance
Enrico Gargale
Ezio Simonelli
Hauman Technologies Corp.
ITEVA Sarl
James Lima

Jens Andreassen
Matsumoto Investment General Partnership
Seshan Raj and Radha Raj
Sunnyvale Industrials

Exhibit 10.1

INDEMNIFICATION AGREEMENT

This Indemnification Agreement ("Agreement") is made as of the _____ day of _____, 20_____, by and between Fortinet, Inc., a Delaware corporation (the "Company"), and _____ ("Indemnitee").

RECITALS

WHEREAS, the Company desires to attract and retain the services of highly qualified individuals and entities, such as Indemnitee, to serve the Company;

WHEREAS, in order to induce Indemnitee to continue to provide services to the Company, the Company wishes to provide for the indemnification of, and advancement of expenses to, Indemnitee to the maximum extent permitted by law;

WHEREAS, the Certificate of Incorporation of the Company (the "Certificate") authorizes the Company to provide indemnification of (and advancement of expenses to) directors, officers, agents (and any other persons to which Delaware law permits the Company to provide indemnification), subject only to limits created by applicable Delaware law, and Indemnitee may also be entitled to indemnification pursuant to the Company's Bylaws (the "Bylaws") and the General Corporation Law of the State of Delaware (the "DGCL");

WHEREAS, the Certificate, the Bylaws and the DGCL expressly provide that the indemnification provisions set forth therein are not exclusive, and thereby contemplate that contracts may be entered into between the Company and members of the Board of Directors of the Company (the "Board"), officers and other persons with respect to indemnification;

WHEREAS, the Company and Indemnitee recognize the continued difficulty in obtaining liability insurance for the directors, officers, employees, agents, fiduciaries, stockholders and controlling persons of the Company and any other Enterprise (as defined herein), the significant and continual increases in the cost of such insurance and the general trend of insurance companies to reduce the scope of coverage of such insurance;

WHEREAS, the Company and Indemnitee further recognize the substantial increase in corporate litigation in general, subjecting directors, officers, employees, agents, fiduciaries, stockholders and controlling persons of the Company and any other Enterprise to expensive litigation risks at the same time as the availability and scope of coverage of liability insurance provide increasing challenges for the Company;

WHEREAS, Indemnitee does not regard the protection currently provided by applicable law, the Company's governing documents and available insurance as adequate under the present circumstances, and Indemnitee and certain other directors, officers, employees, agents, fiduciaries, stockholders and controlling persons of the Company and any other Enterprise may not be willing to continue to serve in such capacities without additional protection;

WHEREAS, the Board has determined that the increased difficulty in attracting and retaining highly qualified individuals and entities such as Indemnitee is detrimental to the best interests of the Company's stockholders and that the Company should act to assure such individuals and entities that there will be increased certainty of such protection in the future;

WHEREAS, it is reasonable, prudent and necessary for the Company contractually to obligate itself to indemnify, and to advance expenses on behalf of, such individuals and entities to the fullest extent permitted by applicable law so that they will serve or continue to serve the Company free from undue concern that they will not be so indemnified; and

WHEREAS, this Agreement is a supplement to and in furtherance of the indemnification provided in the Certificate, Bylaws, and any resolutions adopted pursuant thereto, and this Agreement shall not be deemed a substitute therefor, nor shall this Agreement be deemed to limit, diminish, or abrogate any rights of Indemnitee thereunder.

NOW, THEREFORE, in consideration of the premises and the covenants contained herein, the Company and Indemnitee do hereby covenant and agree as follows:

Section 1. Definitions.

As used in this Agreement:

(a) "Change of Control" means any transaction or series of related transactions in which the shareholders before the transaction or series of related transactions own less than 50% of the voting power of the Company after such transaction or series of related transaction.

(b) "Corporate Status" describes the status of a person who is or was a director, officer, employee, agent, fiduciary, stockholder or controlling person of the Company or of any other corporation, partnership or joint venture, trust, employee benefit plan or other Enterprise which such person or entity is or was serving at the request of the Company.

(c) "Disinterested Director" means a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification is sought by Indemnitee.

(d) "Enterprise" shall mean the Company and any other corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise of which Indemnitee is or was serving at the request of the Company as a director, trustee, general partner, managing member, officer, employee, agent, fiduciary, stockholder or controlling person.

(e) "Expenses" shall include all reasonable attorneys' fees, retainers, court costs, transcript costs, fees and costs of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, or otherwise participating in, a Proceeding. Expenses also shall include Expenses incurred in connection with any appeal resulting from any Proceeding, including without limitation the premium, security for, and other costs relating to any cost bond, supersedes bond, or other appeal bond or its equivalent. Expenses,

however, shall not include amounts paid in settlement by Indemnitee or the amount of judgments or fines against Indemnitee.

(f) "Independent Counsel" means a law firm, or a partner (or, if applicable, member) of such a law firm, that is experienced in matters of corporation law and neither presently is, nor in the past five years has been, retained to represent: (i) the Company or Indemnitee in any matter material to either such party (other than with respect to matters concerning Indemnitee under this Agreement, or of other indemnitees under similar indemnification agreements), or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's rights under this Agreement. The Company agrees to pay the reasonable fees and expenses of the Independent Counsel referred to above and to fully indemnify such counsel against any and all Expenses, claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto.

(g) "Proceeding" means any threatened, pending or completed action, suit, arbitration, mediation, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought in the right of the Company or otherwise and whether of a civil, criminal, administrative or investigative nature, including without limitation any such proceeding pending as of the date of this Agreement, in which Indemnitee was, is or will be involved as a party or otherwise by reason of the fact that Indemnitee is or was a director of the Company, by reason of any action taken by Indemnitee or of any action on Indemnitee's part while acting as director of the Company, or by reason of the fact that Indemnitee is or was serving at the request of the Company as a director, trustee, general partner, managing member, officer, employee, agent, fiduciary, stockholder or controlling person of the Company or any other Enterprise, in each case whether or not serving in such capacity at the time any liability or Expense is incurred for which indemnification, reimbursement, or advancement of expenses can be provided under this Agreement.

Section 2. Indemnity in Third-Party Proceedings. The Company shall indemnify Indemnitee in accordance with the provisions of this Section 2 if Indemnitee is, or is threatened to be made, a party to or a participant in any Proceeding, other than a Proceeding by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section 2, Indemnitee shall be indemnified against all Expenses, judgments, fines and amounts paid in settlement actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company and, in the case of a criminal proceeding, had no reasonable cause to believe that Indemnitee's conduct was unlawful. Indemnitee shall not enter into any settlement in connection with a Proceeding without ten (10) days prior notice to the Company.

Section 3. Indemnity in Proceedings by or in the Right of the Company. The Company shall indemnify Indemnitee in accordance with the provisions of this Section 3 if Indemnitee is, or is threatened to be made, a party to or a participant in any Proceeding by or in the right of the

Company to procure a judgment in its favor. Pursuant to this Section 3, Indemnitee shall be indemnified against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company. No indemnification for Expenses shall be made under this Section 3 in respect of any claim, issue or matter as to which Indemnitee shall have been finally adjudged by a court of competent jurisdiction to be liable to the Company, unless and only to the extent that the Delaware Court of Chancery (the "Delaware Court") or any court in which the Proceeding was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnification for such expenses as the Delaware Court or such other court shall deem proper.

Section 4. Indemnification for Expenses of a Party Who is Wholly or Partly Successful. Notwithstanding any other provisions of this Agreement, to the extent that Indemnitee is a party to or a participant in and is successful, on the merits or otherwise, in any Proceeding or in defense of any claim, issue or matter therein, in whole or in part, the Company shall indemnify Indemnitee against all Expenses actually and reasonably incurred by Indemnitee in connection therewith. If Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company shall indemnify Indemnitee against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with each successfully resolved claim, issue or matter. For purposes of this Section and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

Section 5. Indemnification For Expenses of a Witness. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is, by reason of Indemnitee's Corporate Status, a witness in any Proceeding to which Indemnitee is not a party, Indemnitee shall be indemnified against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection therewith.

Section 6. Additional Indemnification.

(a) Notwithstanding any limitation in Sections 2, 3, or 4, the Company shall indemnify Indemnitee to the fullest extent permitted by law if Indemnitee is a party to or is threatened to be made a party to any Proceeding (including a Proceeding by or in the right of the Company to procure a judgment in its favor) against all Expenses, judgments, fines and amounts paid in settlement actually and reasonably incurred by Indemnitee in connection with the Proceeding.

(b) For purposes of Section 6(a), the meaning of the phrase "to the fullest extent permitted by law" shall include, but not be limited to:

(i) to the fullest extent permitted by the provision of the DGCL that authorizes or contemplates additional indemnification by agreement, or the corresponding provision of any amendment to or replacement of the DGCL or such provision thereof; and

(ii) to the fullest extent authorized or permitted by any amendments to or replacements of the DGCL adopted after the date of this Agreement that increase the extent to which a corporation may indemnify its officers and directors.

(c) Notwithstanding any other provision of this Agreement, the Company shall be liable to indemnify Indemnitee against all Expenses actually and reasonably incurred by or on behalf of Indemnitee in taking any action to enforce any provision of this Agreement if Indemnitee is the prevailing party in such action, including all Expenses incurred in bringing a claim, counterclaim, or cross-claim in any Proceeding to enforce this Agreement or any provision hereof.

Section 7. Exclusions. Notwithstanding any provision in this Agreement to the contrary, the Company shall not be obligated under this Agreement to make any indemnity in connection with any claim made against Indemnitee:

(a) for which payment has actually been made to or on behalf of Indemnitee under any insurance policy or other indemnity provision, except with respect to any excess beyond the amount paid under any insurance policy or other indemnity provision;

(b) for an accounting of profits made from the purchase and sale (or sale and purchase) by Indemnitee of securities of the Company within the meaning of Section 16(b) of the Securities Exchange Act of 1934, as amended, or similar provisions of state statutory law or common law; provided, however, that notwithstanding any limitation on the Company's obligation to provide indemnification set forth in this Section 7(b) or elsewhere, Indemnitee shall be entitled to receive advancement of Expenses hereunder with respect to any such Claim unless and until a court having jurisdiction over the Claim shall have made a final determination (as to which all rights of appeal therefrom have been exhausted or lapsed) that Indemnitee has violated said statute; or

(c) for which payment is prohibited by applicable law.

Section 8. Advances of Expenses. The Company shall advance any and all Expenses incurred by Indemnitee in connection with any Proceeding, and such advancement shall be made within thirty (30) days after the receipt by the Company of a statement or statements requesting such advances from time to time, whether prior to or after final disposition of any Proceeding. Advances shall be unsecured and interest free, made without regard to Indemnitee's ability to repay such Advances, and shall be made without regard to Indemnitee's ultimate entitlement to indemnification under the other provisions of this Agreement. Advances shall include any and all reasonable Expenses incurred pursuing an action to enforce this right of advancement, including Expenses incurred preparing and forwarding statements to the Company to support the advances claimed. Indemnitee shall qualify for advances upon the execution and delivery to the Company of this Agreement which shall constitute an undertaking providing that Indemnitee undertakes to repay the advance if and to the extent that it is ultimately determined by a court of competent jurisdiction in a final judgment, not subject to appeal, that Indemnitee is not entitled to be indemnified by the Company. This Section 8 shall not apply to any claim made by Indemnitee for which indemnity is excluded pursuant to Section 7. The right to advances under this paragraph shall in all events continue until final disposition of any Proceeding, including any appeal therein.

Section 9. Procedure for Notification and Defense of Claim.

(a) To obtain indemnification under this Agreement, Indemnitee shall submit to the Company a written request therefor.

(b) The Company will be entitled to participate in the Proceeding at its own expense.

Section 10. Procedure Upon Application for Indemnification.

(a) Upon written request by Indemnitee for indemnification pursuant to Section 9(a), a determination, if required by applicable law, with respect to Indemnitee's entitlement thereto shall be made in the specific case by (i) by a majority of the Disinterested Directors, even though less than a quorum, or (ii) if there are no Disinterested Directors or if the Disinterested Directors so direct, by Independent Counsel in a written opinion to the Board, a copy of which shall be delivered to Indemnitee and, if it is so determined that Indemnitee is entitled to indemnification, payment to Indemnitee shall be made within ten (10) days after such determination. Notwithstanding the foregoing sentence regarding the determination being made by the Disinterested Directors, if the determination is being made after any Change of Control, such determination must be made by Independent Counsel. Indemnitee shall cooperate with the person, persons, or entity making such determination with respect to Indemnitee's entitlement to indemnification, including providing to such counsel upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination. Any costs or expenses (including attorneys' fees and disbursements) incurred by Indemnitee in so cooperating with the Independent Counsel shall be borne by the Company (irrespective of the determination as to Indemnitee's entitlement to indemnification) and the Company hereby indemnifies and agrees to hold Indemnitee harmless therefrom.

(b) The Independent Counsel shall be selected by Indemnitee. In the event the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 10(a) hereof, the Independent Counsel shall be selected by Indemnitee subject to the provisions of this Section 10(b). The Company may, within ten (10) days after written notice of such selection, deliver to Indemnitee a written objection to such selection; provided, however, that such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of "Independent Counsel" as defined in Section 1 of this Agreement, and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected shall act as Independent Counsel. If such written objection is so made and substantiated, the Independent Counsel so selected may not serve as Independent Counsel unless and until such objection is withdrawn or a court has determined that such objection is without merit. If, within twenty (20) days after the later of submission by Indemnitee of a written request for indemnification pursuant to Section 9(a) hereof, and the final disposition of the Proceeding, including any appeal therein, no Independent Counsel shall have been selected and not objected to, Indemnitee may petition a court of competent jurisdiction for resolution of any objection which shall have been made by the Company to the selection of Independent Counsel and/or for the appointment as Independent Counsel of a person selected by the court or by such other person as the

court shall designate, and the person with respect to whom all objections are so resolved or the person so appointed shall act as Independent Counsel under Section 10(a) hereof. Upon the due commencement of any judicial proceeding or arbitration pursuant to Section 12(a) of this Agreement, Independent Counsel shall be discharged and relieved of any further responsibility in such capacity (subject to the applicable standards of professional conduct then prevailing).

Section 11. Presumptions and Effect of Certain Proceedings.

(a) In making a determination with respect to entitlement to indemnification hereunder, the person, persons, or entity making such determination shall presume that Indemnitee is entitled to indemnification under this Agreement if Indemnitee has submitted a request for indemnification in accordance with Section 9(a) of this Agreement, and the Company shall have the burden of proof to overcome that presumption in connection with the making by such person, persons, or entity of any determination contrary to that presumption. Neither the failure of the Company (including that of the Board) or of Independent Counsel to have made a determination prior to the commencement of any action pursuant to this Agreement that indemnification is proper in the circumstances because Indemnitee has met the applicable standard of conduct, nor an actual determination by the Company (including by the Board) or by Independent Counsel that Indemnitee has not met such applicable standard of conduct, shall be a defense to the action, admissible as evidence against Indemnitee, referred to in any Proceeding for any purpose, or create a presumption that Indemnitee has not met the applicable standard of conduct.

(b) If the person, persons, or entity empowered or selected under Section 10 of this Agreement to determine whether Indemnitee is entitled to indemnification shall not have made a determination within sixty (60) days after receipt by the Company of Indemnitee's written request for indemnification pursuant to Section 9(b) of this Agreement, the requisite determination of entitlement to indemnification shall be deemed to have been made and Indemnitee shall be entitled to such indemnification, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law; provided, however, that such 60-day period may be extended for a reasonable time, not to exceed an additional thirty (30) days, if the Independent Counsel making the determination with respect to entitlement to indemnification in good faith requires such additional time for the obtaining or evaluating of documentation and/or information relating thereto.

(c) The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of guilty, nolo contendere or its equivalent, shall not (except as otherwise expressly provided in this Agreement) of itself adversely affect the right of Indemnitee to indemnification or create a presumption that Indemnitee did not act in good faith and in a manner which Indemnitee reasonably believed to be in or not opposed to the best interests of the Company or, with respect to any criminal Proceeding, that Indemnitee had reasonable cause to believe that Indemnitee's conduct was unlawful.

(d) For purposes of any determination of good faith, Indemnitee shall be deemed to have acted in good faith if Indemnitee's action is based on the records or books of account of the Enterprise, including financial statements, or on information supplied to Indemnitee by the officers

of the Enterprise in the course of their duties, or on the advice of legal counsel for the Enterprise or the Board or counsel selected by any committee of the Board or on information or records given or reports made to the Enterprise by an independent certified public accountant or by an appraiser, investment banker or other expert selected with reasonable care by the Company or the Board or any committee of the Board. The provisions of this Section 11(d) shall not be deemed to be exclusive or to limit in any way the other circumstances in which Indemnitee may be deemed to have met the applicable standard of conduct set forth in this Agreement.

(e) The knowledge and/or actions, or failure to act, of any director, officer, agent or employee of the Enterprise shall not be imputed to Indemnitee for purposes of determining the right to indemnification under this Agreement.

Section 12. Remedies of Indemnitee.

(a) In the event that (i) a determination is made pursuant to Section 10 of this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (ii) advancement of Expenses is not timely made pursuant to Section 8 of this Agreement, (iii) payment of indemnification is not made pursuant to Section 4, 5, or 6 or the last sentence of Section 10(a) of this Agreement within ten (10) days after receipt by the Company of a written request therefor, or (iv) payment of indemnification pursuant to Section 2, 3 or 6 of this Agreement is not made within ten (10) days after a determination has been made that Indemnitee is entitled to indemnification, Indemnitee shall be entitled to an adjudication by a court of Indemnitee's entitlement to such indemnification or advancement of Expenses. Alternatively, Indemnitee, at Indemnitee's option, may seek an award in arbitration to be conducted by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association. The Company shall not oppose Indemnitee's right to seek any such adjudication or award in arbitration.

(b) In the event that a determination shall have been made pursuant to Section 10(a) of this Agreement that Indemnitee is not entitled to indemnification, any judicial proceeding or arbitration commenced pursuant to this Section 12 shall be conducted in all respects as a de novo trial, or arbitration, on the merits and Indemnitee shall not be prejudiced by reason of that adverse determination. In any judicial proceeding or arbitration commenced pursuant to this Section 12 the Company shall have the burden of proving Indemnitee is not entitled to indemnification or advancement of Expenses, as the case may be. In any judicial proceeding or arbitration commenced pursuant to this Section 12, in the event that the person, persons, or entity empowered or selected under Section 10 of this Agreement to determine whether Indemnitee is entitled to indemnification has not made such a determination within the time period provided for under Section 11(b) of this Agreement, the Company shall stipulate and may not contest that Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or Proceeding, had no reasonable cause to believe Indemnitee's conduct was unlawful.

(c) If a determination shall have been made pursuant to Section 10(a) of this Agreement that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding or arbitration commenced pursuant to this Section 12, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact

necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law.

(d) The Company shall be precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section 12 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator that the Company is bound by all the provisions of this Agreement. The Company shall indemnify Indemnitee against any and all Expenses and, if requested by Indemnitee, shall (within ten (10) days after receipt by the Company of a written request therefor) advance such Expenses to Indemnitee that are incurred by Indemnitee in connection with any action brought by Indemnitee for indemnification or advancement of Expenses from the Company under this Agreement or under any directors' and officers' liability insurance policies maintained by the Company, regardless of whether Indemnitee ultimately is determined to be entitled to such indemnification, advancement of Expenses or insurance recovery, as the case may be.

Section 13. Non-exclusivity, Survival of Rights; Insurance Subrogation.

(a) The rights of indemnification and to receive advancement of Expenses as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the Certificate, the Company's Bylaws, any agreement, a vote of stockholders or a resolution of directors, or otherwise. No amendment, alteration or repeal of this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee in Indemnitee's Corporate Status prior to such amendment, alteration or repeal. To the extent that a change in Delaware law, whether by statute or judicial decision, permits greater indemnification or advancement of Expenses than would be afforded currently under the Certificate, Bylaws and this Agreement, or any Enterprises' Certificate, Bylaws, or indemnification agreement, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.

(b) To the extent that the Company maintains an insurance policy or policies providing liability insurance for directors, trustee, partners, managing members, officers, employees, agents, fiduciaries, stockholders or controlling persons of the Company or of any other Enterprise, Indemnitee shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage available for any such person under such policy or policies. If, at the time of the receipt of a notice of a claim pursuant to the terms hereof, the Company has director and officer liability insurance in effect, the Company shall give prompt notice of the commencement of such Proceeding to the insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of Indemnitee, all amounts payable as a result of such proceeding in accordance with the terms of such policies.

(c) In the event of any payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

(d) The Company shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable hereunder (or for which advancement is provided hereunder) if and to the extent that Indemnitee has otherwise actually received such payment under any insurance policy, contract, agreement or otherwise.

(e) The Company's obligation to indemnify or advance Expenses hereunder to Indemnitee who is or was serving at the request of the Company as a director, trustee, partner, managing member, officer, employee, agent, or fiduciary of any other Enterprise shall be reduced by any amount Indemnitee has actually received as indemnification or advancement of Expenses from such other Enterprise.

Section 14. Duration of Agreement. This Agreement shall continue until and terminate upon the later of (a) six (6) years after the date that Indemnitee shall have ceased to serve as a director of the Company or as a director, trustee, partner, management member, officer, employee, agent, fiduciary, stockholder or controlling person of the Company or any other Enterprise; or (b) one (1) year after the final termination of any Proceeding, including any appeal, then pending in respect of which Indemnitee is granted rights of indemnification or advancement of Expenses hereunder and of any proceeding commenced by Indemnitee pursuant to Section 12 of this Agreement relating thereto. This Agreement shall be binding upon the Company and its successors and assigns and shall inure to the benefit of Indemnitee and, as the case may be, Indemnitee's heirs, executors, administrators, successors and assigns. The Company shall require and cause any successor (whether direct or indirect by purchase, merger, consolidation or otherwise) to all, substantially all or a substantial part, of the business and/or assets of the Company, by written agreement in form and substance satisfactory to Indemnitee, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

Section 15. Severability. If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Agreement (including without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and shall remain enforceable to the fullest extent permitted by law; (b) such provision or provisions shall be deemed reformed to the extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto; and (c) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested thereby.

Section 16. Enforcement.

(a) The Company expressly confirms and agrees that it has entered into this Agreement and assumed the obligations imposed on it hereby in order to induce Indemnitee to serve as a director of the Company, and the Company acknowledges that Indemnitee is relying upon this Agreement in serving as a director of the Company.

(b) This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral, written and implied, between the parties hereto with respect to the subject matter hereof; provided, however, that this Agreement is a supplement to and in furtherance of the Certificate of the Company, the Bylaws of the Company and applicable law, and shall not be deemed a substitute therefor, nor to diminish or abrogate any rights of Indemnitee thereunder.

Section 17. Modification and Waiver. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by the parties thereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions of this Agreement nor shall any waiver constitute a continuing waiver.

Section 18. Notice by Indemnitee. Each Indemnitee agrees promptly to notify the Company in writing upon being served with any summons, citation, subpoena, complaint, indictment, information or other document relating to any Proceeding or matter which may be subject to indemnification or advancement of Expenses covered hereunder. The failure of Indemnitee to so notify the Company shall not relieve the Company of any obligation which it may have to Indemnitee under this Agreement or otherwise.

Section 19. Notices. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed to have been duly given if (a) delivered by hand and receipted for by the party to whom said notice or other communication shall have been directed, (b) mailed by certified or registered mail with postage prepaid, on the third business day after the date on which it is so mailed, (c) mailed by reputable overnight courier and receipted for by the party to whom said notice or other communication shall have been directed or (d) sent by facsimile transmission, with receipt of oral confirmation that such transmission has been received:

(a) If to Indemnitee, at such address as Indemnitee shall provide to the Company.

(b) If to the Company to:

Fortinet, Inc. 1090 Kifer Road
Sunnyvale, California 94086
Attention: General Counsel

or to any other address as may have been furnished to Indemnitee by the Company.

Section 20. Contribution. To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnitee for any reason

whatsoever, the Company, in lieu of indemnifying Indemnitee, shall contribute to the amount incurred by Indemnitee, whether for judgments, fines, penalties, excise taxes, amounts paid or to be paid in settlement and/or for Expenses, in connection with any claim relating to an indemnifiable event under this Agreement, in such proportion as is deemed fair and reasonable in light of all of the circumstances of such Proceeding in order to reflect (i) the relative benefits received by the Company and Indemnitee as a result of the event(s) and/or transaction(s) giving cause to such Proceeding; and/or (ii) the relative fault of the Company (and its directors, officers, employees and agents) and Indemnitee in connection with such event(s) and/or transaction(s).

Section 21. Applicable Law and Consent to Jurisdiction. This Agreement and the legal relations among the parties shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without regard to its conflict of laws rules. Except with respect to any arbitration commenced by Indemnitee pursuant to Section 12(a) of this Agreement, the Company and Indemnitee hereby irrevocably and unconditionally (i) agree that any action or proceeding arising out of or in connection with this Agreement shall be brought only in the Delaware Court, and not in any other state or federal court in the United States of America or any court in any other country, (ii) consent to submit to the exclusive jurisdiction of the Delaware Court for purposes of any action or proceeding arising out of or in connection with this Agreement, (iii) appoint, to the extent such party is not otherwise subject to service of process in the State of Delaware, The Corporation Trust Company, Wilmington, Delaware as its agent in the State of Delaware as such party's agent for acceptance of legal process in connection with any such action or proceeding against such party with the same legal force and validity as if served upon such party personally within the State of Delaware, (iv) waive any objection to the laying of venue of any such action or proceeding in the Delaware Court, and (v) waive, and agree not to plead or to make, any claim that any such action or proceeding brought in the Delaware Court has been brought in an improper or inconvenient forum.

Section 22. Identical Counterparts. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same Agreement. Only one such counterpart signed by the party against whom enforceability is sought needs to be produced to evidence the existence of this Agreement.

Section 23. Miscellaneous. The headings of the paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

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IN WITNESS WHEREOF, the parties have caused this Agreement to be signed as of the day and year first above written.

FORTINET, INC.

By: _____

Title: _____

INDEMNITEE:

_____
(signature of Indemnitee)

_____
(print name of Indemnitee)

SIGNATURE PAGE TO INDEMNIFICATION AGREEMENT

Exhibit 10.2

FORTINET, INC.

AMENDED AND RESTATED 2000 STOCK PLAN

(as amended and restated through July 22, 2009)

1. Purposes of the Plan.

The purposes of this Stock Plan are to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentive to Employees, Directors and Consultants and to promote the success of the Company's business. Options granted under the Plan may be Incentive Stock Options or Nonstatutory Stock Options, as determined by the Administrator at the time of grant. Stock Purchase Rights may also be granted under the Plan.

2. Definitions.

(a) "Administrator" means the Board or any of its Committees as shall be administering the Plan in accordance with Section 4 hereof.

(b) "Applicable Laws" means the requirements relating to the administration of stock option plans under state corporate laws, U.S. federal and state securities laws, the Code, any stock exchange or quotation system on which the Common Stock is listed or quoted and the applicable laws of any other country or jurisdiction where Options or Stock Purchase Rights are granted under the Plan.

(c) "Board" means the Board of Directors of the Company.

(d) "Code" means the Internal Revenue Code of 1986, as amended.

(e) "Committee" means a committee of Directors appointed by the Board in accordance with Section 4 hereof.

(f) "Common Stock" means the Common Stock of the Company.

(g) "Company" means Fortinet, Inc., a Delaware corporation.

(h) "Consultant" means any person who is engaged by the Company or any Parent or Subsidiary to render consulting or advisory services to such entity.

(i) "Director" means a member of the Board of Directors of the Company.

(j) "Disability" means total and permanent disability as defined in Section 22(e)(3) of the Code.

(k) "Employee" means any person, including Officers and Directors, employed by the Company or any Parent or Subsidiary of the Company. A Service Provider shall not cease to be an Employee in the case of (i) any leave of absence approved by the Company, or (ii) transfers between locations of the Company or between the Company, its Parent, any Subsidiary, or any successor. For purposes of Incentive Stock Options, no such leave may exceed three (3) months, unless reemployment upon expiration of such leave is guaranteed by statute or contract. If reemployment upon expiration of a leave of absence approved by the Company is not so guaranteed, then six (6) months following the first (1st) day of such leave any Incentive Stock Option held by the Optionee shall cease to be treated as an Incentive Stock Option and shall be treated for tax purposes as a Nonstatutory Stock Option. Neither service as a Director nor payment of a director's fee by the Company shall be sufficient to constitute "employment" by the Company.

(l) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

(m) "Fair Market Value" means, as of any date, the value of Common Stock determined as follows:

(i) If the Common Stock is listed on any established stock exchange or traded on a national market system, including without limitation the Nasdaq National Market or the Nasdaq SmallCap Market of the Nasdaq Stock Market, its Fair Market Value shall be the closing sales price for such stock (or the closing bid, if no sales were reported) as quoted on such exchange or system for the last market trading day prior to the time of determination, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable;

(ii) If the Common Stock is regularly quoted by a recognized securities dealer but selling prices are not reported, its Fair Market Value shall be the mean between the high bid and low asked prices for the Common Stock on the last market trading day prior to the day determination; or

(iii) In the absence of an established market for the Common Stock, the Fair Market Value thereof shall be determined in good faith by the Administrator.

(n) "Incentive Stock Option" means an Option intended to qualify as an incentive stock option within the meaning of Section 422 of the Code.

(o) "Nonstatutory Stock Option" means an Option not intended to qualify as an Incentive Stock Option.

(p) "Officer" means a person who is an officer of the Company within the meaning of Section 16 of the Exchange Act and the rules and regulations promulgated thereunder.

(q) "Option" means a stock option granted pursuant to the Plan.

(r) "Option Agreement" means a written or electronic agreement between the Company and an Optionee evidencing the terms and conditions of an individual Option grant. The Option Agreement is subject to the terms and conditions of the Plan.

(s) "Option Exchange Program" means a program under which (i) outstanding Options and Stock Purchase Rights are surrendered or cancelled in exchange for awards of the same type (which may have higher or lower exercise prices and different terms), awards of a different type, and/or cash, (ii) Optionees would have the opportunity to transfer any outstanding awards to a financial institution or other person or entity selected by the administrator, and/or (iii) the exercise price of an outstanding award is reduced or increased. The Administrator will determine the terms and conditions of any Option Exchange Program in its sole discretion.

(t) "Optioned Stock" means the Common Stock subject to an Option or a Stock Purchase Right.

(u) "Optionee" means the holder of an outstanding Option or Stock Purchase Right granted under the Plan.

(v) "Parent" means a "parent corporation," whether now or hereafter existing, as defined in Section 424(e) of the Code.

(w) "Plan" means the Fortinet, Inc. 2000 Stock Plan.

(x) "Restricted Stock" means shares of Common Stock acquired pursuant to a grant of a Stock Purchase Right under Section 11 below.

(y) "Section 16(b)" means Section 16(b) of the Securities Exchange Act of 1934, as amended.

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

(aa) "Service Provider" means an Employee, Director or Consultant.

(bb) "Share" means a share of the Common Stock, as adjusted in accordance with Section 12 below.

(cc) "Stock Purchase Right" means a right to purchase Common Stock pursuant to Section 11 below.

(dd) "Subsidiary" means a "subsidiary corporation," whether now or hereafter existing, as defined in Section 424(f) of the Code.

3. Stock Subject to the Plan.

Subject to the provisions of Section 12 of the Plan, the maximum aggregate number of Shares which may be subject to options and sold under the Plan is 21,500,000 Shares. There is no maximum number of Shares with respect to which options may be granted to any one Optionee, in the aggregate, in any calendar year. The Shares may be authorized but unissued, or reacquired Common Stock.

If an Option or Stock Purchase Right expires or becomes unexercisable without having been exercised in full, or is surrendered pursuant to an Option Exchange Program, the unpurchased Shares which were subject thereto shall become available for future grant or sale under the Plan (unless the Plan has terminated). However, Shares that have actually been issued under the Plan, upon exercise of either an Option or Stock Purchase Right, shall not be returned to the Plan and shall not become available for future distribution under the Plan, except that if Shares of Restricted Stock are repurchased by the Company at their original purchase price, such Shares shall become available for future grant under the Plan.

4. Administration of the Plan.

(a) Administrator. The Plan shall be administered by the Board or a Committee appointed by the Board, which Committee shall be constituted to comply with Applicable Laws.

(b) Powers of the Administrator. Subject to the provisions of the Plan and, in the case of a Committee, the specific duties delegated by the Board to such Committee, and subject to the approval of any relevant authorities, the Administrator shall have the authority in its discretion:

(i) to determine Fair Market Value;

(ii) to select the Service Providers to whom Options and Stock Purchase Rights may from time to time be granted hereunder;

(iii) to determine the number of Shares to be covered by each such award granted hereunder;

(iv) to approve forms of agreement for use under the Plan;

(v) to determine the terms and conditions of any Option or Stock Purchase Right granted hereunder. Such terms and conditions include, but are not limited to, the exercise price, the time or times when Options or Stock Purchase Rights may be exercised (which may be based on

performance criteria), any vesting acceleration or waiver of forfeiture restrictions, and any restriction or limitation regarding any Option or Stock Purchase Right or the Common Stock relating thereto, based in each case on such factors as the Administrator, in its sole discretion, shall determine;

(vi) to determine whether and under what circumstances an Option may be settled in cash under subsection 9(e) instead of Common Stock;

(vii) to reduce the exercise price of any Option to the then current Fair Market Value if the Fair Market Value of the Common Stock covered by such Option has declined since the date the Option was granted;

(viii) to initiate an Option Exchange Program;

(ix) to prescribe, amend and rescind rules and regulations relating to the Plan, including rules and regulations relating to sub-plans established for the purpose of qualifying for preferred tax treatment under foreign tax laws;

(x) to allow Optionees to satisfy withholding tax obligations by electing to have the Company withhold from the Shares to be issued upon exercise of an Option or Stock Purchase Right that number of Shares having a Fair Market Value equal to the amount required to be withheld. The Fair Market Value of the Shares to be withheld shall be determined on the date that the amount of tax to be withheld is to be determined. All elections by Optionees to have Shares withheld for this purpose shall be made in such form and under such conditions as the Administrator may deem necessary or advisable; and

(xi) to construe and interpret the terms of the Plan and awards granted pursuant to the Plan.

(c) Effect of Administrator's Decision. All decisions, determinations and interpretations of the Administrator shall be final and binding on all Optionees.

5. Eligibility.

(a) Nonstatutory Stock Options and Stock Purchase Rights may be granted to Service Providers. Incentive Stock Options may be granted only to Employees. For purposes of this Section 5(a), "Service Providers" shall include prospective Service Providers to whom Options or Stock Purchase Rights are granted in connection with written offers of a service relationship with the Company or any Parent or Subsidiary. Any person who is not an Employee on the effective date of the grant of an Option may be granted only a Nonstatutory Stock Option. An Incentive Stock Option granted to a prospective Employee on the condition that such individual become an Employee shall be deemed granted effective on the date such person begins service with the Company or any Parent or Subsidiary. The exercise price of such Incentive Stock Options shall be determined as of such date in accordance with Section 8.

(b) Each Option shall be designated in the Option Agreement as either an Incentive Stock Option or a Nonstatutory Stock Option. However, notwithstanding such designation, to the extent that the aggregate Fair Market Value of the Shares with respect to which Incentive Stock Options are exercisable for the first time by the Optionee during any calendar year (under all plans of the Company and any Parent or Subsidiary) exceeds $100,000, such Options shall be treated as Nonstatutory Stock Options. For purposes of this Section 5(b), Incentive Stock Options shall be taken into account in the order in which they were granted. The Fair Market Value of the Shares shall be determined as of the time of the Option with respect to such Shares is granted.

(c) Neither the Plan nor any Option or Stock Purchase Right shall confer upon any Optionee any right with respect to continuing the Optionee's relationship as a Service Provider with the

Company, nor shall it interfere in any way with his or her right or the Company's right to terminate such relationship at any time, with or without cause.

6. Term of Plan.

The Plan shall become effective upon its adoption by the Board. It shall continue in effect for a term of ten (10) years unless sooner terminated under Section 14 of the Plan.

7. Term of Option.

The term of each Option shall be stated in the Option Agreement; provided, however, that the term shall be no more than ten (10) years from the date of grant thereof. In the case of an Incentive Stock Option granted to an Optionee who, at the time the Option is granted, owns stock representing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or any Parent or Subsidiary, the term of the Option shall be five (5) years from the date of grant or such shorter term as may be provided in the Option Agreement.

8. Option Exercise Price and Consideration.

(a) The per share exercise price for the Shares to be issued upon exercise of an Option shall be such price as is determined by the Administrator, but shall be subject to the following:

(i) In the case of an Incentive Stock Option

(A) granted to an Employee who, at the time of grant of such Option, owns stock representing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or any Parent or Subsidiary, the exercise price shall be no less than 110% of the Fair Market Value per Share on the date of grant.

(B) granted to any other Employee, the per Share exercise price shall be no less than 100% of the Fair Market Value per Share on the date of grant.

(ii) In the case of a Nonstatutory Stock Option

(A) granted to any other Service Provider, the per Share exercise price shall be no less than 100% of the Fair Market Value per Share on the date of grant.

(iii) Notwithstanding the foregoing, Options may be granted with a per Share exercise price other than as required above pursuant to a merger or other corporate transaction.

(b) The consideration to be paid for the Shares to be issued upon exercise of an Option, including the method of payment, shall be determined by the Administrator (and, in the case of an Incentive Stock Option, shall be determined at the time of grant). Such consideration may consist of (1) cash, (2) check, (3) promissory note, (4) other Shares which (x) in the case of Shares acquired upon exercise of an Option; have been owned by the Optionee for more than six months on the date of surrender, and (y) have a Fair Market Value on the date of surrender equal to the aggregate exercise price of the Shares as to which such Option shall be exercised, (5) consideration received by the Company under a cashless exercise program implemented by the Company in connection with the Plan, (6) to the extent that a Stock Option Agreement so provides, and if the Common Stock is publicly traded, payment may be made all or in part by the delivery (on a form prescribed by the Company) of an irrevocable direction to a securities broker approved by the Company to sell Shares and to deliver all or part of the sales proceeds to the Company in payment of all or part of the Exercise Price and any withholding taxes, (7) to the extent that a Stock Option Agreement so provides, and if Stock is publicly traded, payment may be made all or in part by the delivery (on a form prescribed by the Company) of an irrevocable direction to pledge Shares to a securities broker or lender approved by the Company, as

security for a loan, and to deliver all or part of the loan proceeds to the Company in payment of all or part of the Exercise Price and any withholding taxes, (8) by such other consideration as may be approved by the Administrator from time to time to the extent permitted by Applicable Law or (9) any combination of the foregoing methods of payment. In making its determination as to the type of consideration to accept, the Administrator shall consider if acceptance of such consideration may be reasonably expected to benefit the Company.

9. Exercise of Option.

(a) Procedure for Exercise; Rights as a Stockholder. Any Option granted hereunder shall be exercisable according to the terms hereof at such times and under such conditions as determined by the Administrator and set forth in the Option Agreement. Unless the Administrator provides otherwise, vesting of Options granted hereunder shall be tolled during any unpaid leave of absence. An Option may not be exercised for a fraction of a Share.

An Option shall be deemed exercised when the Company receives: (i) written or electronic notice of exercise (in accordance with the Option Agreement) from the person entitled to exercise the Option, and (ii) full payment for the Shares with respect to which the Option is exercised. Full payment may consist of any consideration and method of payment authorized by the Administrator and permitted by the Option Agreement and the Plan. Shares issued upon exercise of an Option shall be issued in the name of the Optionee or, if requested by the Optionee, in the name of the Optionee and his or her spouse. Until the Shares are issued (as evidenced by the appropriate entry on the books of the Company' or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a stockholder shall exist with respect to the Shares, notwithstanding the exercise of the Option. The Company shall issue (or cause to be issued) such Shares promptly after the Option is exercised. No adjustment will be made for a dividend or other right for which the record date is prior to the date the Shares are issued, except as provided in Section 12 of the Plan.

Exercise of an Option in any manner shall result in a decrease in the number of Shares thereafter available, both for purposes of the Plan and for sale under the Option, by the number of Shares as to which the Option is exercised.

(b) Termination of Relationship as a Service Provider. If an Optionee's status as a Service Provider terminates, such Optionee may exercise his or her Option within such period of time as is specified in the Option Agreement (of at least thirty (30) days) to the extent that the Option is vested on the date of termination (but in no event later than the expiration of the term of the Option as set forth in the Option Agreement). In the absence of a specified time in the Option Agreement, the Option shall remain exercisable for three (3) months following the Optionee's termination. If, on the date of termination, the Optionee is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option shall revert to the Plan. If, after termination, the Optionee does not exercise his or her Option within the time specified by the Administrator, the Option shall terminate, and the Shares covered by such Option shall revert to the Plan.

(c) Disability of Optionee. If an Optionee's status as a Service Provider terminates as a result of the Optionee's Disability, the Optionee may exercise his or her Option within such period of time as is specified in the Option Agreement (of at least six (6) months) to the extent the Option is vested on the date of termination (but in no event later than the expiration of the term of such Option as set forth in the Option Agreement). In the absence of a specified time in the Option Agreement, the Option shall remain exercisable for twelve (12) months following the Optionee's termination. If, on the date of termination, the Optionee is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option shall revert to the Plan. If, after termination, the Optionee does not exercise his or her Option within the time specified herein, the Option shall terminate, and the Shares covered by such Option shall revert to the Plan.

(d) Death of Optionee. If an Optionee dies while a Service Provider, the Option may be exercised within such period of time as is specified in the Option Agreement (of at least six (6) months)

to the extent that the Option is vested on the date of death (but in no event later than the expiration of the term of such Option as set forth in the Option Agreement) by the Optionee's estate or by a person who acquires the right to exercise the Option by bequest or inheritance. In the absence of a specified time in the Option Agreement, the Option shall remain exercisable for twelve (12) months following the Optionee's death. If, at the time of death, the Optionee is not vested as to the entire Option, the Shares covered by the unvested portion of the Option shall immediately revert to the Plan. If the Option is not so exercised within the time specified herein, the Option shall terminate, and the Shares covered by such Option shall revert to the Plan.

(e) Buy-Out Provision. The Administrator may at any time offer to buy out for a payment in cash or Shares, an Option previously granted, based on such terms and conditions as the Administrator shall establish and communicate to the Optionee at the time that such offer is made.

10. Non-Transferability of Options and Stock Purchase Rights.

Unless determined otherwise by the Administrator and except as provided for in Section 9(e), the Options (and, prior to exercise, the Shares to be issued upon exercise of Options) and Stock Purchase Rights may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner, including by entering into any short position, any "put equivalent position" or any "call equivalent position" (each as defined in Section 16a-1(b) of the Exchange Act) with respect to such securities, other than (i) by will, (ii) by the laws of descent or distribution, or (iii) subject to approval of the Administrator, as permitted by Rule 701 of the Securities Act. Unless determined otherwise by the Administrator, the Option and Stock Purchase Right may be exercised, during the lifetime of the Optionee, only by the Optionee.

11. Stock Purchase Rights.

(a) Rights to Purchase. Stock Purchase Rights may be issued either alone, in addition to, or in tandem with, other awards granted under the Plan and/or cash awards made outside of the Plan. After the Administrator determines that it will offer Stock Purchase Rights under the Plan, it shall advise the offeree in writing or electronically of the terms, conditions and restrictions related to the offer, including the number of Shares that such person shall be entitled to purchase, the price to be paid, and the time within which such person must accept such offer.

(b) Repurchase Option. Unless the Administrator determines otherwise, the Restricted Stock purchase agreement shall grant the Company a repurchase option exercisable upon the voluntary or involuntary termination of the purchaser's service with the Company for any reason (including death or Disability). The purchase price for Shares repurchased pursuant to the Restricted Stock purchase agreement shall be the original price paid by the purchaser and may be paid by cancellation of any indebtedness of the purchaser to the Company. The repurchase option shall lapse at such rate as the Administrator may determine.

(c) Other Provisions. The Restricted Stock purchase agreement shall contain such other terms, provisions and conditions not inconsistent with the Plan as may be determined by the Administrator in its sole discretion.

(d) Rights as a Stockholder. Once the Stock Purchase Right is exercised, the purchaser shall have rights equivalent to those of a stockholder and shall be a stockholder when his or her purchase is entered upon the records of the duly authorized transfer agent of the Company. No adjustment shall be made for a dividend or other right for which the record date is prior to the date the Stock Purchase Right is exercised, except as provided in Section 12 of the Plan.

12. Changes in Capitalization; Dissolution or Liquidation; Change of Control.

(a) Changes in Capitalization. Subject to any required action by the stockholders of the Company, the number of shares of Common Stock covered by each outstanding Option or Stock Purchase Right, and the number of shares of Common Stock which have been authorized for issuance under the Plan but as to which no Options or Stock Purchase Rights have yet been granted or which have been returned to the Plan upon cancellation or expiration of an Option or Stock Purchase Right, as well as the price per share of Common Stock covered by each such outstanding Option or Stock Purchase Right, shall be proportionately adjusted for any increase or decrease in the number of issued shares of Common Stock resulting from a stock split, reverse stock split, stock dividend, combination or reclassification of the Common Stock, or any other increase or decrease in the number of issued shares of Common Stock effected without receipt of consideration by the Company. The conversion of any convertible securities of the Company shall not be deemed to have been "effected without receipt of consideration." Such adjustment shall be made by the Board, whose determination in that respect shall be final, binding and conclusive. Except as expressly provided herein, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares of Common Stock subject to an Option or Stock Purchase Right.

(b) Dissolution or Liquidation. In the event of the proposed dissolution or liquidation of the Company, the Administrator shall notify each Optionee as soon as practicable prior to the effective date of such proposed transaction. The Administrator in its discretion may provide for an Optionee to have the right to exercise his or her Option or Stock Purchase Right until fifteen (15) days prior to such transaction as to all of the Optioned Stock covered thereby, including Shares as to which the Option or Stock Purchase Right would not otherwise be exercisable. In addition, the Administrator may provide that any Company repurchase option applicable to any Shares purchased upon exercise of an Option or Stock Purchase Right shall lapse as to all such Shares, provided the proposed dissolution or liquidation takes place at the time and in the manner contemplated. To the extent it has not been previously exercised, an Option or Stock Purchase Right will terminate immediately prior to the consummation of such proposed action.

(c) Change of Control. In the event of (1) a merger or consolidation of the Company with or into any other corporation or corporations (but excluding any transaction or series of transactions effected solely for the purpose of reincorporating the Company into another jurisdiction and any transaction(s) in which the stockholders of the Company immediately prior to such transaction(s) control, immediately after consummation of the transaction(s), more than 50% of the voting power of the surviving entity) or (2) a sale of all or substantially all of the assets of the Company (collectively referred to as a "Change of Control"), each outstanding Option and Stock Purchase Right shall be assumed or an equivalent option or right substituted by the successor corporation or a Parent or Subsidiary of the successor corporation. In the event that the successor corporation (or its Parent or Subsidiary company) refuses to assume or substitute for the Option or Stock Purchase Right, the Optionee shall fully vest in and have the right to exercise the Option or Stock Purchase Right as to all of the Optioned Stock, including Shares as to which it would not otherwise be vested or exercisable. If an Option or Stock Purchase Right is not assumed or substituted for in the event of a Change of Control, the Administrator shall notify the Optionee in writing or electronically that the Option or Stock Purchase Right shall be fully exercisable for a period of fifteen (15) days or such other period of time as the Administrator shall determine from the date of such notice, and the Option or Stock Purchase Right shall terminate upon the expiration of such period. For the purposes of this paragraph, the Option or Stock Purchase Right shall be considered assumed if, following the Change of Control, the option or right confers the right to purchase or receive, for each Share subject to the Option or Stock Purchase Right immediately prior to the Change of Control, the consideration (whether stock, cash, or other securities or property) received in the Change of Control by holders of Common Stock for each Share held on the effective date of the transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Shares); provided, however, that if such consideration received in the Change of Control is not solely common stock of the successor corporation or its Parent, the Administrator may, with the consent of the successor corporation, provide for the consideration to be

received upon the exercise of the Option or Stock Purchase Right, for each Share subject to the Option or Stock Purchase Right, to be solely common stock of the successor corporation or its Parent equal in fair market value to the per share consideration received by holders of Common Stock in the Change of Control.

13. Time of Granting Options and Stock Purchase Rights.

The date of grant of an Option or Stock Purchase Right shall, for all purposes, be the date on which the Administrator makes the determination granting such Option or Stock Purchase Right, or such other date as is determined by the Administrator. Notice of the determination shall be given to each Service Provider to whom an Option or Stock Purchase Right is so granted within a reasonable time after the date of such grant.

14. Amendment and Termination of the Plan.

(a) Effective Date; Term of Plan. This Plan shall become effective as determined by the Board of Directors, but no Options granted under this Plan shall be exercised and no grants of Restricted Stock shall have their restrictions lapse unless and until this Plan has been approved by the stockholders of the Company, which approval shall be within twelve (12) months before or after the date this Plan is adopted by the Board of Directors. This Plan shall continue in effect for a term of ten (10) years unless sooner terminated under this Section 14.

(b) Amendment and Termination. The Board of Directors in its sole discretion may terminate this Plan at any time. The Board of Directors may amend this Plan at any time in such respects as the Board of Directors may deem advisable; provided, that any change in the aggregate number of Shares that may be issued under this Plan, other than in connection with an adjustment under Section 12 of this Plan, shall require approval of the holders of a majority of the outstanding Shares entitled to vote.

(c) Effect of Termination. In the event this Plan is terminated, no Shares shall be issued under this Plan, except upon exercise of an Option granted prior to such termination or issuance of Shares of Restricted Stock previously credited to a Restricted Stock Account. The termination of this Plan, or any amendment thereof, shall not affect any Shares previously issued to an Optionee, any Option previously granted under this Plan or any Restricted Stock previously credited to a Restricted Stock Account.

15. Conditions Upon Issuance of Shares.

(a) Legal Compliance. Shares shall not be issued pursuant to the exercise of an Option or Stock Purchase Right unless the exercise of such Option or Stock Purchase Right and the issuance and delivery of such Shares shall comply with Applicable Laws and shall be further subject to the approval of counsel for the Company with respect to such compliance.

(b) Investment Representations. As a condition to the exercise of an Option or Stock Purchase Right, the Administrator may require the person exercising such Option or Stock Purchase Right to represent and warrant at the time of any such exercise that the Shares are being purchased only for investment and without any present intention to sell or distribute such Shares if, in the opinion of counsel for the Company, such a representation is required.

16. Inability to Obtain Authority. The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, shall relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained.

17. Reservation of Shares. The Company, during the term of this Plan, shall at all times reserve and keep available such number of Shares as shall be sufficient to satisfy the requirements of the Plan.

18. Stockholder Approval. The Plan shall be subject to approval by the stockholders of the Company within twelve (12) months after the date the Plan is adopted by the Board. Such stockholder approval shall be obtained in the degree and manner required under Applicable Laws.

19. Information to Optionees. Until such time as the Company becomes subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act or is no longer relying on the exemption provided by Rule 12h-1(f)(1) under the Exchange Act, the Company shall provide to each Optionee the information described in Rule 701 paragraphs (e)(3), (4), and (5) of Rule 701 under the Securities Act not less frequently than every six months with the financial statements being not more than 180 days old and with such information provided either by physical or electronic delivery to the Optionees or by written notice to the Optionees of the availability of the information on an Internet site that may be password-protected and of any password needed to access the information. The Company may request that Optionees agree to keep the information to be provided pursuant to this section confidential. If an Optionee does not agree to keep the information to be provided pursuant to this section confidential, then the Company is not required to provide the information.

FORTINET, INC.

2000 STOCK PLAN

STOCK OPTION AGREEMENT

Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Option Agreement.

I. NOTICE OF STOCK OPTION GRANT.

Name:

Address:

Country:

You have been granted an option to purchase Common Stock of the Company, subject to the terms and conditions of the Plan and this Option Agreement, as follows:

Grant Number:

Date of Grant:

Vesting Commencement Date:

Exercise Price per share:

Total Number of Shares Granted:

Total Exercise Price:

Type of Option:

Term/Expiration Date:

Exercise and Vesting Schedule:

So long as Optionee is a Service Provider, this Option shall be exercisable in whole or in part, and shall vest according to the following vesting schedule:

[No Shares subject to the Option shall vest until the first anniversary date of the Vesting Commencement Date (the "Anniversary Date"). Upon the first Anniversary Date 1/4 of the Shares subject to the Option shall vest, and thereafter $^1/_{48}$ of the Shares subject to the Option shall vest on the last day of each full month thereafter, subject to Optionee's continuing to be a Service Provider on such dates.]

Termination Period.

This Option may be exercised, to the extent it is then vested, for three months after Optionee ceases to be a Service Provider. Notwithstanding the foregoing, upon death or Disability of the Optionee, this Option may be exercised, to the extent it is then vested, for one year after Optionee ceases to be Service Provider. In no event shall this Option be exercised after the Term/Expiration Date as provided above.

II. AGREEMENT.

A. Grant of Option.

The Plan Administrator of the Company hereby grants to the Optionee named in the Notice of Grant (the "Optionee") an option (the "Option") to purchase the number of Shares set forth in the Notice of Grant, at the exercise price per Share set forth in the Notice of Grant (the "Exercise Price"), and subject to the terms and conditions of the Plan, which is incorporated herein by reference. Subject to Section 14(c) of the Plan, in the event of a conflict between the terms and conditions of the Plan and this Option Agreement, the terms and conditions of the Plan shall prevail.

If designated in the Notice of Grant as an Incentive Stock Option ("ISO"), this Option is intended to qualify as an Incentive Stock Option as defined in Section 422 of the Code. Nevertheless, to the extent that it exceeds the $100,000 rule of Code Section 422(d), this Option shall be treated as a Nonstatutory Stock Option ("NSO").

B. Exercise of Option.

This Option shall be exercised during its term in accordance with the provisions of Section 9 of the Plan as follows:

1. Right to Exercise.

(i) This Option shall be exercisable cumulatively according to the vesting schedule set forth in the Notice of Grant. For purposes of this Stock Option Agreement, Shares subject to the Option shall vest based on continued employment of Optionee with the Company.

(ii) This Option may not be exercised for a fraction of a Share.

2. Method of Exercise.

This Option shall be exercisable by delivery of an exercise notice in the form attached as Exhibit A (the "Exercise Notice") which shall state the election to exercise the Option, the number of Shares with respect to which the Option is being exercised, and such other representations and agreements as may be required by the Company. The Exercise Notice shall be accompanied by payment of the aggregate Exercise Price as to all Exercised Shares. This Option shall be deemed to be exercised upon receipt by the Company of such fully executed Exercise Notice accompanied by the aggregate Exercise Price.

No shares shall be issued pursuant to the exercise of an Option unless such issuance and such exercise complies with Applicable Laws. Assuming such compliance, for income tax purposes, the Shares shall be considered transferred to the Optionee on the date on which the Option is exercised with respect to such Shares.

C. Optionee's Representations.

In the event the Shares have not been registered under the Securities Act of 1933, as amended (the "Securities Act"), at the time this Option is exercised, the Optionee shall, if required by the Company, concurrently with the exercise of all or any portion of this Option, deliver to the Company his or her Investment Representation Statement in the form attached hereto as Exhibit B, and shall read the applicable rules of the Commissioner of Corporations attached to such Investment Representation Statement.

D. Lock-Up Period.

Optionee hereby agrees that, if so requested by the Company or any representative of the underwriters (the "Managing Underwriter") in connection with any registration of the offering of any securities of the Company under the Securities Act, Optionee shall not sell or otherwise transfer any Shares or other securities of the Company during the 180-day period (or such other period as may be requested in writing by the Managing Underwriter and agreed to in writing by the Company) (the "Market Standoff Period") following the effective date of a registration statement of the Company filed under the Securities Act. The Company may impose stop-transfer instructions with respect to securities subject to the foregoing restrictions until the end of such Market Standoff Period.

E. Method of Payment.

Payment of the aggregate Exercise Price shall be by any of the following, or a combination thereof, at the election of the Optionee:

(a) cash;

(b) check;

(c) consideration received by the Company under a formal cashless exercise program adopted by the Company in connection with the Plan; or

(d) surrender of other Shares which: (i) in the case of Shares acquired upon exercise of an option, have been owned by the Optionee for more than six (6) months on the date of surrender, and (ii) have a Fair Market Value on the date of surrender equal to the aggregate Exercise Price of the Exercised Shares.

(e) any other method authorized by the Plan, so long as the Company agrees.

F. Restrictions on Exercise.

This Option may not be exercised until such time as the Plan has been approved by the stockholders of the Company, or if the issuance of such Shares upon such exercise or the method of payment of consideration for such shares would constitute a violation of any Applicable Law.

G. Non-Transferability of Option.

This Option may not be transferred in any manner otherwise than by will or by the laws of descent or distribution and may be exercised during the lifetime of Optionee only by Optionee. The terms of the Plan and this Option Agreement shall be binding upon the executors, administrators, heirs, successors and assigns of the Optionee.

H. Term of Option.

This Option may be exercised only within the term set out in the Notice of Grant, and may be exercised during such term only in accordance with the Plan and the terms of this Option.

I. Tax Consequences.

Set forth below is a brief summary as of the date of this Option of some of the federal tax consequences of exercise of this Option and disposition of the Shares. THIS SUMMARY IS NECESSARILY INCOMPLETE, AND THE TAX LAWS AND REGULATIONS ARE SUBJECT TO CHANGE. THE OPTIONEE SHOULD CONSULT A TAX ADVISER BEFORE EXERCISING THIS OPTION OR DISPOSING OF THE SHARES.

1. Exercise of ISO.

If this Option qualifies as an ISO, there will be no regular federal income tax liability upon the exercise of the Option, although the excess, if any, of the Fair Market Value of the Shares on the date of exercise over the Exercise Price will be treated as an item of adjustment to the alternative minimum taxable income for federal tax purposes and may subject the Optionee to the alternative minimum tax in the year of exercise.

2. Exercise of ISO Following Disability or Death.

If the Optionee ceases to be an Employee as a result of a disability that is not a total and permanent disability as defined in Section 22(e)(3) of the Code, to the extent

permitted on the date of termination, the Optionee must exercise an ISO within three months of such termination for the ISO to be qualified as an ISO.

3. Exercise of Nonstatutory Stock Option.

There may be a regular federal income tax liability upon the exercise of a Nonstatutory Stock Option. The Optionee will be treated as having received compensation income (taxable at ordinary income tax rates) equal to the excess, if any, of the Fair Market Value of the Shares on the date of exercise over the Exercise Price. If Optionee is an Employee or a former Employee, the Company will be required to withhold from Optionee's compensation or collect from Optionee and pay to the applicable taxing authorities an amount in cash equal to a percentage of this compensation income at the time of exercise, and may refuse to honor the exercise and refuse to deliver Shares if such withholding amounts are not delivered at the time of exercise.

4. Disposition of Shares.

In the case of an NSO, if Shares are held for at least one year, any gain realized on disposition of the Shares will be treated as long-term capital gain for federal income tax purposes. In the case of an ISO, if Shares transferred pursuant to the Option are held for at least one year after exercise and at least two years after the Date of Grant, any gain realized on disposition of the Shares will also be treated as long-term capital gain for federal income tax purposes. If Shares purchased under an ISO are disposed of within one year after exercise or two years after the Date of Grant, any gain realized on such disposition will be treated as compensation income (taxable at ordinary income rates) to the extent of the difference between the Exercise Price and the lesser of (i) the Fair Market Value of the Shares on the date of exercise, or (ii) the sale price of the Shares. Any additional gain will be taxed as capital gain, either at short-term or long-term, depending on the period that the ISO Shares were held.

5. Notice of Disqualifying Disposition of ISO Shares.

If the Option granted to Optionee herein is an ISO, and if the Optionee sells or otherwise disposes of any of the Shares acquired pursuant to the ISO on or before the later of (i) the date two years after the Date of Grant, or (ii) the date one year after the date of exercise, the Optionee shall immediately notify the Company in writing of such disposition. Optionee agrees that Optionee may be subject to income tax withholding by the Company on the compensation income recognized by the Optionee.

J. Entire Agreement; Governing Law.

The Plan is incorporated herein by reference. The Plan and this Option Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and Optionee with respect to the subject matter hereof, and may not be modified adversely to the Optionee's interest except by means of a writing signed by the Company and Optionee. This

agreement is governed by the internal substantive laws but not the choice of law rules of the State of California.

K. No Guarantee of Continued Service.

OPTIONEE ACKNOWLEDGES AND AGREES THAT THE VESTING OF SHARES PURSUANT TO THE VESTING SCHEDULE HEREOF IS EARNED ONLY BY CONTINUING AS A SERVICE PROVIDER AT THE WILL OF THE COMPANY (NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THIS OPTION OR ACQUIRING SHARES HEREUNDER). OPTIONEE FURTHER ACKNOWLEDGES AND AGREES THAT THIS AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREUNDER AND THE VESTING SCHEDULE SET FORTH HEREIN DO NOT CONSTITUTE AN EXPRESS OR IMPLIED PROMISE OF CONTINUED ENGAGEMENT AS A SERVICE PROVIDER FOR THE VESTING PERIOD, FOR ANY PERIOD, OR AT ALL, AND SHALL NOT INTERFERE IN ANY WAY WITH OPTIONEE'S RIGHT OR THE COMPANY'S RIGHT TO TERMINATE OPTIONEE'S RELATIONSHIP AS A SERVICE PROVIDER AT ANY TIME, WITH OR WITHOUT CAUSE.

[***Remainder of page intentionally left blank.***]

Optionee acknowledges receipt of a copy of the Plan and represents that he or she is familiar with the terms and provisions thereof, and hereby accepts this Option subject to all of the terms and provisions thereof. Optionee has reviewed the Plan and this Option in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Option and fully understands all provisions of the Option. Optionee hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan or this Option. Optionee further agrees to notify the Company upon any change in the residence address indicated below.

OPTIONEE:

FORTINET, INC.

Residence Address

FORTINET, INC.

2000 STOCK PLAN

INTERNATIONAL STOCK OPTION AGREEMENT

Unless otherwise defined herein, the terms defined in the 2000 Stock Plan (the "Plan") shall have the same defined meanings in this International Stock Option Agreement ("Option Agreement").

I. NOTICE OF STOCK OPTION GRANT.

Name:

Address:

Country:

You have been granted an Option to purchase Shares of the Company, subject to the terms and conditions of the Plan and this Option Agreement, as follows:

Grant Number:

Date of Grant:

Vesting Commencement Date:

Exercise Price per share:

Total Number of Shares Granted:

Total Exercise Price:

Type of Option: U.S. Nonstatutory Option

Term/Expiration Date:

Exercise and Vesting Schedule:

So long as Optionee is a Service Provider, this Option shall be exercisable in whole or in part, and shall vest according to the following vesting schedule:

[No Shares subject to the Option shall vest until the first anniversary date of the Vesting Commencement Date (the "Anniversary Date"). Upon the first Anniversary Date $^1/_4$ of the Shares subject to the Option shall vest, and thereafter $^1/_{48}$ of the Shares subject to the Option shall vest on the last day of each full month thereafter, subject to Optionee's continuing to be a Service Provider on such dates.]

Pursuant to the terms of the Plan, vesting of the Option shall be tolled during any unpaid leave of absence of the Optionee. However, this will not be applied if contrary to local law.

Termination Period.

This Option may be exercised, to the extent it is then vested, for up to three months after Optionee ceases to be a Service Provider. Notwithstanding the foregoing, upon death or Disability of the Optionee, this Option may be exercised, to the extent it is then vested, for up to one year after Optionee ceases to be Service Provider. In no event shall this Option be exercised after the Term/Expiration Date as provided above.

II. AGREEMENT.

A. Grant of Option.

The Administrator of the Company hereby grants to the optionee (the "Optionee") named in the Notice of Grant incorporated as Part I of this Option Agreement, an option (the "Option") to purchase the number of Shares set forth in the Notice of Grant, at the exercise price per Share set forth in the Notice of Grant (the "Exercise Price"), and subject to the terms and conditions of the Plan, which is incorporated herein by reference. Subject to Section 14(c) of the Plan, in the event of a conflict between the terms and conditions of the Plan and this Option Agreement, the terms and conditions of the Plan shall prevail.

B. Exercise of Option.

This Option shall be exercised during its term in accordance with the provisions of Section 9 of the Plan as follows:

1. Right to Exercise.

(i) This Option shall be exercisable cumulatively according to the vesting schedule set forth in the Notice of Grant. For purposes of this Option Agreement, Shares subject to the Option shall vest based on continued employment of Optionee with the Optionee's employer (the "Employer").

(ii) This Option may not be exercised for a fraction of a Share.

2. Method of Exercise.

This Option shall be exercisable by delivery of an exercise notice in the form attached as Exhibit A (the "Exercise Notice") which shall state the election to exercise the Option, the number of Shares with respect to which the Option is being exercised, and such other representations and agreements as may be required by the Company. The Exercise Notice shall be accompanied by payment of the aggregate Exercise Price as to all exercised Shares. This Option shall be deemed to be exercised upon receipt by the Company of such fully executed Exercise Notice accompanied by the aggregate Exercise Price.

No Shares shall be issued pursuant to the exercise of an Option unless such issuance and such exercise complies with applicable laws.

C. Optionee's Representations.

In the event the Shares have not been registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), at the time this Option is exercised, the Optionee shall, if required by the Company, concurrently with the exercise of all or any portion of this Option, deliver to the Company his or her Investment Representation Statement in the form attached hereto as Exhibit B, and shall read the applicable rules of the U.S. Commissioner of Corporations attached to such Investment Representation Statement.

D. Lock-Up Period.

Optionee hereby agrees that, if so requested by the Company or any representative of the underwriters (the "Managing Underwriter") in connection with any registration of the offering of any securities of the Company under the Securities Act, Optionee shall not sell or otherwise transfer any Shares or other securities of the Company during the 180-day period (or such other period as may be requested in writing by the Managing Underwriter and agreed to in writing by the Company) (the "Market Standoff Period") following the effective date of a registration statement of the Company filed under the Securities Act. The Company may impose stop-transfer instructions with respect to securities subject to the foregoing restrictions until the end of such Market Standoff Period.

E. Method of Payment

1. Method of Payment for Optionees Not Resident in China.

For Optionees not resident in China, payment of the aggregate Exercise Price shall be by any of the following, or a combination thereof, at the election of the Optionee:

(a) cash;

(b) check;

(c) consideration received by the Company under a formal cashless exercise program adopted by the Company in connection with the Plan; or

(d) any other method authorized by the Plan, so long as the Company agrees.

2. Method of Payment for Optionees Resident in China.

Due to legal restrictions in China, Optionees resident in China must use the cashless sell-all method of exercise, whereby all the Shares the Optionee is entitled to at exercise are immediately sold and the proceeds less the Exercise Price, applicable taxes and brokers' fees, if any, are remitted to Optionee in cash. Pursuant to a cashless sell-all exercise, Optionee must deliver, together with such other documentation as the Company in its sole and absolute discretion shall require, irrevocable instructions to an approved broker to (i) sell the Shares issuable upon exercise of the Option; and (ii) deliver to the Company the amount of sale proceeds required to pay the Exercise Price and any withholding taxes and brokers' fees. Because this exercise method requires Shares to be sold, exercises will not be permitted until the Company's Shares become publicly traded on a regulated U.S. stock exchange.

F. Restrictions on Exercise.

This Option may not be exercised until such time as the Plan has been approved by the stockholders of the Company, or if the issuance of such Shares upon such exercise or the method of payment of consideration for such shares would constitute a violation of any applicable law.

G. Non-Transferability of Option.

This Option may not be transferred in any manner otherwise than by will or by the laws of descent or distribution and may be exercised during the lifetime of Optionee only by Optionee. The terms of the Plan and this Option Agreement shall be binding upon the executors, administrators, heirs, successors and assigns of the Optionee.

H. Term of Option.

This Option may be exercised only within the term set out in the Notice of Grant, and may be exercised during such term only in accordance with the Plan and the terms of this Option.

I. Entire Agreement.

The Plan is incorporated herein by reference. The Plan and this Option Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and Optionee with respect to the subject matter hereof, and may not be modified adversely to the Optionee's interest except by means of a writing signed by the Company and Optionee.

J. No Guarantee of Continued Service.

OPTIONEE ACKNOWLEDGES AND AGREES THAT THE VESTING OF THIS OPTION PURSUANT TO THE VESTING SCHEDULE HEREOF IS EARNED ONLY

BY CONTINUING AS A SERVICE PROVIDER AT THE WILL OF THE EMPLOYER (NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THIS OPTION OR ACQUIRING SHARES HEREUNDER). OPTIONEE FURTHER ACKNOWLEDGES AND AGREES THAT THIS AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREUNDER AND THE VESTING SCHEDULE SET FORTH HEREIN DO NOT CONSTITUTE AN EXPRESS OR IMPLIED PROMISE OF CONTINUED ENGAGEMENT AS A SERVICE PROVIDER FOR THE VESTING PERIOD, FOR ANY PERIOD, OR AT ALL, AND SHALL NOT INTERFERE IN ANY WAY WITH OPTIONEE'S RIGHT OR THE EMPLOYER'S RIGHT TO TERMINATE OPTIONEE'S RELATIONSHIP AS A SERVICE PROVIDER AT ANY TIME, WITH OR WITHOUT CAUSE IN ACCORDANCE WITH APPLICABLE LAWS.

K. Responsibility for Taxes.

Regardless of any action the Company or the Employer takes with respect to any or all income tax, social insurance, payroll tax, payment on account or other tax-related withholding ("Tax-Related Items"), Optionee hereby acknowledges that the ultimate liability for all Tax-Related Items legally due by the Optionee is and remains the Optionee's responsibility and that the Company and/or the Employer (1) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of this Option grant, including the grant, vesting or exercise of this Option, the subsequent sale of Shares acquired pursuant to such exercise and the receipt of any dividends; and (2) do not commit to structure the terms of the grant or any aspect of this Option to reduce or eliminate the Optionee's liability for Tax-Related Items.

Prior to exercise of this Option, the Optionee shall pay or make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all withholding and payment on account obligations of the Company and/or the Employer. In this regard, Optionee hereby authorizes the Company and/or the Employer to withhold all applicable Tax-Related Items legally payable by the Optionee from the Optionee's wages or other cash compensation paid to the Optionee by the Company and/or the Employer or from proceeds of the sale of Shares. Alternatively, or in addition, if permissible under local law, the Company may (1) sell or arrange for the sale of Shares that the Optionee acquires to meet the withholding obligation for Tax-Related Items, and/or (2) withhold in Shares, provided that the Company only withholds the amount of Shares necessary to satisfy the minimum withholding amount. Finally, the Optionee shall pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold as a result of the Optionee's participation in the Plan or the Optionee's purchase of Shares that cannot be satisfied by the means previously described. The Company may refuse to honor the exercise and refuse to deliver the Shares if the Optionee fails to comply with the Optionee's obligations in connection with the Tax-Related Items as described in this Section K.

L. Nature of Grant.

In accepting the Option grant, Optionee acknowledges that:

1. the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, unless otherwise provided in the Plan and this Option Agreement;

2. the grant of this Option is voluntary and occasional and does not create any contractual or other right to receive future grants of options, or benefits in lieu of options, even if options have been granted repeatedly in the past;

3. all decisions with respect to future option grants, if any, will be at the sole discretion of the Company;

4. the Optionee's participation in the Plan shall not create a right to further employment with the Employer and shall not interfere with the ability of the Employer to terminate the Optionee's employment relationship at any time with or without cause in accordance with applicable laws;

5. the Optionee is voluntarily participating in the Plan;

6. this Option is an extraordinary item that does not constitute compensation of any kind for services of any kind rendered to the Company or the Employer, and which is outside the scope of the Optionee's employment contract, if any;

7. this Option is not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Company or the Employer;

8. in the event that the Optionee is not an employee of Company, this Option grant will not be interpreted to form an employment contract or relationship with the Company; and furthermore, this Option grant will not be interpreted to form an employment contract with the Employer or any subsidiary or affiliate of the Company;

9. the future value of the Shares is unknown and cannot be predicted with certainty;

10. if the Shares do not increase in value, this Option will have no value;

11. if the Optionee exercises this Option and obtains the Shares, the value of the Shares acquired upon exercise may increase or decrease in value, even below the exercise price;

12. in consideration of the grant of this Option, no claim or entitlement to compensation or damages shall arise from termination of this Option or diminution in value of this Option or the Shares purchased through exercise of this Option resulting from termination of the Optionee's employment by the Company or the Employer (for any reason whatsoever and whether or not in breach of local labor laws) and the Optionee irrevocably releases the Company and the Employer from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, then, by signing this Option Agreement, the Optionee shall be deemed irrevocably to have waived his or her entitlement to pursue such claim; and

13. in the event of termination of the Optionee's employment (whether or not in breach of local labor laws), the Optionee's right to receive this Option and vest in this Option under the Plan, if any, will terminate effective as of the date that the Optionee is no longer actively employed and will not be extended by any notice period mandated under local law (*e.g.*, active employment would not include a period of "garden leave" or similar period pursuant to local law); furthermore, in the event of termination of employment (whether or not in breach of local labor laws), the Optionee's right to exercise this Option after termination of employment, if any, will be measured by the date of termination of the Optionee's active employment and will not be extended by any notice period mandated under local law; the Administrator shall have the exclusive discretion to determine when the Optionee is no longer actively employed for purposes of this Option grant.

M. ***Data Privacy.***

Optionee hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Optionee's personal data as described in this document by and among, as applicable, the Employer, and the Company and its subsidiaries and affiliates for the exclusive purpose of implementing, administering and managing the Optionee's participation in the Plan.

Optionee understands that the Company and the Employer may hold certain personal information about him or her, including, but not limited to, the Optionee's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all options or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in the Optionee's favor, for the purpose of implementing, administering and managing the Plan ("Data"). Optionee understands that Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in the Optionee's country or elsewhere, and that the recipients' country (e.g., the United States) may have different data privacy laws and protections than the Optionee's country. Optionee understand that he or she

may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative. Optionee authorizes the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing his or her participation in the Plan, including any requisite transfer of such Data as may be required to a broker or other third party with whom the Optionee may elect to deposit any shares of stock acquired upon exercise of this Option. Optionee understands that Data will be held only as long as is necessary to implement, administer and manage his or her participation in the Plan. Optionee understands that he or she may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing his or her local human resources representative. Optionee understands, however, that refusing or withdrawing his or her consent may affect his or her ability to participate in the Plan. For more information on the consequences of the Optionee's refusal to consent or withdrawal of consent, Optionee understands that he or she may contact the local human resources representative.

N. **Governing Law; Venue for Litigation.**

This Option grant and the provisions of this Option Agreement are governed by, and subject to, the internal substantive laws but not the choice of law rules of the State of California.

For purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties evidenced by this grant or the Option Agreement, the parties hereby submit to and consent to the exclusive jurisdiction of the State of California and agree that such litigation shall be conducted only in the courts of San Mateo County, California, or the federal courts for the United States for the Northern District of California, and no other courts, where this grant is made and/or to be performed.

O. **Language.**

If the Optionee has received this Option Agreement or any other document related to the Plan translated into a language other than English and if the translated version is different than the English version, the English version will control.

P. **Consent to Receive Information in English for Quebec Employees.**

The parties acknowledge that it is their express wish that the present agreement, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

Les parties reconnaissent avoir exigé la rédaction en anglais de la présente convention, ainsi que de tous documents exécutés, avis donnés et procédures judiciaries intentées, reliés directement ou indirectement à la présente convention.

Q. Electronic Delivery.

The Company may, in its sole discretion, decide to deliver any documents related to this Option granted under and participation in the Plan or future options that may be granted under the Plan by electronic means or to request the Optionee's consent to participate in the Plan by electronic means. Optionee hereby consents to receive such documents by electronic delivery and, if requested, to agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

R. Severability.

The provisions of this Option Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

Optionee acknowledges receipt of a copy of the Plan and represents that he or she is familiar with the terms and provisions thereof, and hereby accepts this Option subject to all of the terms and provisions thereof. Optionee has reviewed the Plan and this Option in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Option and fully understands all provisions of this Option. Optionee hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan or this Option. Optionee further agrees to notify the Company upon any change in the residence address indicated below.

OPTIONEE:

FORTINET, INC.

Residence Address

FORTINET, INC.

2000 STOCK PLAN

STOCK OPTION AGREEMENT

FOR EMPLOYEES IN THE UNITED KINGDOM

Unless otherwise defined herein, the terms defined in the 2000 Stock Plan (the "Plan") shall have the same defined meanings in this Stock Option Agreement for employees in the United Kingdom ("Option Agreement").

I. NOTICE OF STOCK OPTION GRANT.

Name:

Address:

Country:

You have been granted an Option to purchase Shares of the Company, subject to the terms and conditions of the Plan and this Option Agreement, as follows:

Grant Number:

Date of Grant:

Vesting Commencement Date:

Exercise Price per share:

Total Number of Shares Granted:

Total Exercise Price:

Type of Option: U.S. Nonstatutory Option/ Non-Approved UK Option

Term/Expiration Date:

Exercise and Vesting Schedule:

So long as Optionee is a Service Provider, this Option shall be exercisable in whole or in part, and shall vest according to the following vesting schedule:

[No Shares subject to the Option shall vest until the first anniversary date of the Vesting Commencement Date (the "Anniversary Date"). Upon the first Anniversary Date 1/4 of the Shares subject to the Option shall vest, and thereafter 1/48 of the Shares subject to the Option shall vest on the last day of each full month thereafter, subject to Optionee's continuing to be a Service Provider on such dates.]

Pursuant to the terms of the Plan, vesting of the Option shall be tolled during any unpaid leave of absence of the Optionee. However, this will not be applied if contrary to local law.

Termination Period.

This Option may be exercised, to the extent it is then vested, for up to three months after Optionee ceases to be a Service Provider. Notwithstanding the foregoing, upon death or Disability of the Optionee, this Option may be exercised, to the extent it is then vested, for up to one year after Optionee ceases to be Service Provider. In no event shall this Option be exercised after the Term/Expiration Date as provided above.

II. AGREEMENT.

A. Grant of Option.

The Administrator of the Company hereby grants to the optionee (the "Optionee") named in the Notice of Grant incorporated as Part I of this Option Agreement, an option (the "Option") to purchase the number of Shares set forth in the Notice of Grant, at the exercise price per Share set forth in the Notice of Grant (the "Exercise Price"), and subject to the terms and conditions of the Plan, which is incorporated herein by reference. Notwithstanding Section 9(e) of the Plan, in no event shall the Option be paid in cash. Subject to Section 14(c) of the Plan, in the event of a conflict between the terms and conditions of the Plan and this Option Agreement, the terms and conditions of the Plan shall prevail.

It shall be a term of the grant of the Option that the Optionee shall jointly with the Optionee's employer (the "Employer") enter into a joint election within section 431 of the U.K. Income Tax (Earnings and Pensions) Act 2003 ("ITEPA 2003") at the time of the execution of the Option Agreement in respect of computing any tax charge on the acquisition of "Restricted Securities" (as defined in sections 423 and 424 of ITEPA 2003), and not to revoke such election prior to exercise of the Option in its entirety. This election will be to treat the Shares the Optionee acquires pursuant to the exercise of the Option as if they were not Restricted Securities (for U.K. tax purposes only).

B. Exercise of Option.

This Option shall be exercised during its term in accordance with the provisions of Section 9 of the Plan as follows:

1. Right to Exercise.

(i) This Option shall be exercisable cumulatively according to the vesting schedule set forth in the Notice of Grant. For purposes of this Option Agreement, Shares subject to the Option shall vest based on continued employment of Optionee with the Employer.

(ii) This Option may not be exercised for a fraction of a Share.

2. Method of Exercise.

This Option shall be exercisable by delivery of an exercise notice in the form attached as Exhibit A (the "Exercise Notice") which shall state the election to exercise the Option, the number of Shares with respect to which the Option is being exercised, and such other representations and agreements as may be required by the Company. The Exercise Notice shall be accompanied by payment of the aggregate Exercise Price as to all exercised Shares. This Option shall be deemed to be exercised upon receipt by the Company of such fully executed Exercise Notice accompanied by the aggregate Exercise Price.

No Shares shall be issued pursuant to the exercise of an Option unless such issuance and such exercise complies with applicable laws.

C. Optionee's Representations.

In the event the Shares have not been registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), at the time this Option is exercised, the Optionee shall, if required by the Company, concurrently with the exercise of all or any portion of this Option, deliver to the Company his or her Investment Representation Statement in the form attached hereto as Exhibit B, and shall read the applicable rules of the U.S. Commissioner of Corporations attached to such Investment Representation Statement.

D. Lock-Up Period.

Optionee hereby agrees that, if so requested by the Company or any representative of the underwriters (the "Managing Underwriter") in connection with any registration of the offering of any securities of the Company under the Securities Act, Optionee shall not sell or otherwise transfer any Shares or other securities of the Company during the 180-day period (or such other period as may be requested in writing by the Managing Underwriter and agreed to in writing by the Company) (the "Market Standoff Period") following the effective date of a registration statement of the Company filed under the Securities Act. The Company may impose stop-transfer instructions with respect to securities subject to the foregoing restrictions until the end of such Market Standoff Period.

E. Method of Payment

Payment of the aggregate Exercise Price shall be by any of the following, or a combination thereof, at the election of the Optionee:

(a) cash;

(b) check;

(c) consideration received by the Company under a formal cashless exercise program adopted by the Company in connection with the Plan; or

(d) any other method authorized by the Plan, so long as the Company agrees.

F. Restrictions on Exercise.

This Option may not be exercised until such time as the Plan has been approved by the stockholders of the Company, or if the issuance of such Shares upon such exercise or the method of payment of consideration for such shares would constitute a violation of any applicable law.

G. Non-Transferability of Option.

This Option may not be transferred in any manner otherwise than by will or by the laws of descent or distribution and may be exercised during the lifetime of Optionee only by Optionee. The terms of the Plan and this Option Agreement shall be binding upon the executors, administrators, heirs, successors and assigns of the Optionee.

H. Term of Option.

This Option may be exercised only within the term set out in the Notice of Grant, and may be exercised during such term only in accordance with the Plan and the terms of this Option.

I. Entire Agreement.

The Plan is incorporated herein by reference. The Plan and this Option Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and Optionee with respect to the subject matter hereof, and may not be modified adversely to the Optionee's interest except by means of a writing signed by the Company and Optionee.

J. No Guarantee of Continued Service.

OPTIONEE ACKNOWLEDGES AND AGREES THAT THE VESTING OF THIS OPTION PURSUANT TO THE VESTING SCHEDULE HEREOF IS EARNED ONLY BY CONTINUING AS A SERVICE PROVIDER AT THE WILL OF THE EMPLOYER (NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THIS OPTION OR ACQUIRING SHARES HEREUNDER). OPTIONEE FURTHER ACKNOWLEDGES AND AGREES THAT THIS AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREUNDER AND THE VESTING SCHEDULE SET FORTH HEREIN DO NOT CONSTITUTE AN EXPRESS OR IMPLIED PROMISE OF CONTINUED ENGAGEMENT

AS A SERVICE PROVIDER FOR THE VESTING PERIOD, FOR ANY PERIOD, OR AT ALL, AND SHALL NOT INTERFERE IN ANY WAY WITH OPTIONEE'S RIGHT OR THE EMPLOYER'S RIGHT TO TERMINATE OPTIONEE'S RELATIONSHIP AS A SERVICE PROVIDER AT ANY TIME, WITH OR WITHOUT CAUSE IN ACCORDANCE WITH APPLICABLE LAWS.

K. Responsibility for Taxes.

Regardless of any action the Company or the Employer takes with respect to any or all income tax, Primary or Secondary Class 1 National Insurance Contributions, payroll tax, payment on account or other tax-related withholding ("Tax-Related Items"), Optionee hereby acknowledges that the ultimate liability for all Tax-Related Items legally due by the Optionee is and remains the Optionee's responsibility and that the Company and/or the Employer (1) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of this Option grant, including the grant, vesting or exercise of this Option, the subsequent sale of Shares acquired pursuant to such exercise and the receipt of any dividends; and (2) do not commit to structure the terms of the grant or any aspect of this Option to reduce or eliminate the Optionee's liability for Tax-Related Items.

Prior to exercise of this Option, the Optionee shall pay or make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all withholding and payment on account obligations of the Company and/or the Employer. In this regard, Optionee hereby authorizes the Company and/or the Employer to withhold all applicable Tax-Related Items legally payable by the Optionee from the Optionee's wages or other cash compensation paid to the Optionee by the Company and/or the Employer or from proceeds of the sale of Shares. Alternatively, or in addition, if permissible under local law, the Company may (1) sell or arrange for the sale of Shares that the Optionee acquires to meet the withholding obligation for Tax-Related Items, and/or (2) if payment of the Tax-Related Items is not otherwise recovered from the Optionee, withhold in Shares otherwise issuable to the Optionee, provided that the Company only withholds the amount of Shares necessary to satisfy the minimum withholding amount. Finally, the Optionee shall pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold as a result of the Optionee's participation in the Plan or the Optionee's purchase of Shares that cannot be (or has not been) satisfied by the means previously described. The Company may refuse to honor the exercise and refuse to deliver the Shares if the Optionee fails to comply with the Optionee's obligations in connection with the Tax-Related Items as described in this Section K.

Without limitation to the above, the Optionee agrees that he or she will pay or make adequate arrangements satisfactory to the Company and/or the Employer and/or any of the Company's affiliates to satisfy all income tax and Primary or Secondary Class 1 National Insurance Contributions that are required to be withheld and accounted to HM Revenue & Customs ("HMRC") or other revenue authority in relation to or in connection with this Option, including (without limitation) in connection with the exercise of the Option, the acquisition of Shares pursuant to the exercise of the Option, the assignment (if applicable) or release of the Option in return for consideration and/or the receipt of any other benefit in money or in money's worth in connection with the Option (each a "Chargeable Event"). The Optionee further agrees

that the Company and/or the Employer and/or any of the Company's affiliates may collect any income tax and Primary or Secondary Class 1 National Insurance Contributions that are required to be withheld by any of the methods set out in this Section K.

In the event that the Company or the Employer is unable to withhold or collect any tax due pursuant to this Section, within 90 days of the Chargeable Event (the "Due Date") or such other period specified in Section 222(1)(c) of ITEPA 2003, the Company, the Employer and the Optionee hereby agree that the amount of the uncollected tax shall constitute a loan owed by the Optionee to the Employer, effective on the Due Date. The Optionee agrees that the loan will be immediately due and repayable, and the Company or the Employer may recover it at any time thereafter by any of the means referred to in this Section K. The Optionee agrees that the loan will bear interest at the then-current HMRC official rate. The Optionee also authorizes the Company to withhold the transfer of any Shares unless and until the loan is repaid in full.

L. Joint Election.

As a condition of exercising the Option, the Optionee agrees to accept any liability for Secondary Class 1 National Insurance Contributions ("Employer NICs") which may be payable by the Company or the Employer as a result of any Chargeable Event. To accomplish the foregoing, the Optionee agrees to execute a joint election between the Company and/or the Employer and the Optionee (the "Election") in the form approved by HMRC and Optionee agrees to execute such further joint elections as may be required between the Optionee and any successor to the Company and/or the Employer. If the Optionee does not enter into an Election prior to a Chargeable Event (generally exercise), or if the Election is revoked at any time by HMRC, the Option shall become null and void without any liability to the Company and/or the Employer, may not be exercised and shall lapse with immediate effect. The Optionee further agrees that the Company and/or the Employer may collect the Employer NICs from the Optionee by any of the means set forth in Section K of this Option Agreement.

M. Nature of Grant.

In accepting the Option grant, Optionee acknowledges that:

1. the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, unless otherwise provided in the Plan and this Option Agreement;

2. the grant of this Option is voluntary and occasional and does not create any contractual or other right to receive future grants of options, or benefits in lieu of options, even if options have been granted repeatedly in the past;

3. all decisions with respect to future option grants, if any, will be at the sole discretion of the Company;

4. the Optionee's participation in the Plan shall not create a right to further employment with the Employer and shall not interfere with the ability of the Employer to terminate the Optionee's employment relationship at any time with or without cause in accordance with applicable laws;

5. the Optionee is voluntarily participating in the Plan;

6. this Option is an extraordinary item that does not constitute compensation of any kind for services of any kind rendered to the Company or the Employer, and which is outside the scope of the Optionee's employment contract, if any;

7. this Option is not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Company or the Employer;

8. in the event that the Optionee is not an employee of Company, this Option grant will not be interpreted to form an employment contract with the Company; and furthermore, this Option grant will not be interpreted to form an employment contract with the Employer or any subsidiary or affiliate of the Company;

9. the future value of the Shares is unknown and cannot be predicted with certainty;

10. if the Shares do not increase in value, this Option will have no value;

11. if the Optionee exercises this Option and obtains the Shares, the value of the Shares acquired upon exercise may increase or decrease in value, even below the exercise price;

12. in consideration of the grant of this Option, no claim or entitlement to compensation or damages shall arise from termination of this Option or diminution in value of this Option or the Shares purchased through exercise of this Option resulting from termination of the Optionee's employment by the Company or the Employer (for any reason whatsoever and whether or not in breach of local labor laws) and the Optionee irrevocably releases the Company and the Employer from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, then, by signing this Option Agreement, the Optionee shall be deemed irrevocably to have waived his or her entitlement to pursue such claim; and

13. in the event of termination of the Optionee's employment (whether or not in breach of local labor laws), the Optionee's right to receive this Option and vest in this Option under the Plan, if any, will terminate effective as of the date that the Optionee is no longer actively employed and will not be extended by any notice period mandated under local law (*e.g.*, active employment would not include a period of "garden leave" or similar period pursuant to local law); furthermore, in the event of termination of employment (whether or not in breach of local labor laws), the Optionee's right to exercise this Option after termination of employment, if any, will be measured by the date of termination of the Optionee's active employment and will not be extended by any notice period mandated under local law; the Administrator shall have the exclusive discretion to determine when the Optionee is no longer actively employed for purposes of this Option grant.

N. ***Data Privacy.***

Optionee hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Optionee's personal data as described in this document by and among, as applicable, the Employer, and the Company and its subsidiaries and affiliates for the exclusive purpose of implementing, administering and managing the Optionee's participation in the Plan.

Optionee understands that the Company and the Employer may hold certain personal information about him or her, including, but not limited to, the Optionee's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all options or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in the Optionee's favor, for the purpose of implementing, administering and managing the Plan ("Data"). Optionee understands that Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in the Optionee's country or elsewhere (including outside the European Economic Area), and that the recipients' country (e.g., the United States) may have different data privacy laws and protections than the Optionee's country. Optionee understand that he or she may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative. Optionee authorizes the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing his or her participation in the Plan, including any requisite transfer of such Data as may be required to a broker or other third party with whom the Optionee may elect to deposit any shares of stock acquired upon exercise of this Option. Optionee understands that Data will be held only as long as is necessary to implement, administer and manage his or her participation in the Plan. Optionee understands that he or she may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing his or her local human

resources representative. Optionee understands, however, that refusing or withdrawing his or her consent may affect his or her ability to participate in the Plan. For more information on the consequences of the Optionee's refusal to consent or withdrawal of consent, Optionee understands that he or she may contact the local human resources representative.

O. Governing Law; Venue for Litigation.

This Option grant and the provisions of this Option Agreement are governed by, and subject to, the internal substantive laws but not the choice of law rules of the State of California.

For purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties evidenced by this grant or the Option Agreement, the parties hereby submit to and consent to the exclusive jurisdiction of the State of California and agree that such litigation shall be conducted only in the courts of San Mateo County, California, or the federal courts for the United States for the Northern District of California, and no other courts, where this grant is made and/or to be performed.

P. Electronic Delivery.

The Company may, in its sole discretion, decide to deliver any documents related to this Option granted under and participation in the Plan or future options that may be granted under the Plan by electronic means or to request the Optionee's consent to participate in the Plan by electronic means. Optionee hereby consents to receive such documents by electronic delivery and, if requested, to agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

Q. Severability.

The provisions of this Option Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

Optionee acknowledges receipt of a copy of the Plan and represents that he or she is familiar with the terms and provisions thereof, and hereby accepts this Option subject to all of the terms and provisions thereof. Optionee has reviewed the Plan and this Option in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Option and fully understands all provisions of this Option. Optionee hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan or this Option. Optionee further agrees to notify the Company upon any change in the residence address indicated below.

OPTIONEE:

FORTINET, INC.

Residence Address

FORTINET, INC.
AMENDED AND RESTATED 2000 STOCK PLAN

National Insurance Contributions Election

1. **Parties**

This Election is between:

(A) _____ (the "Optionee"), who is eligible to receive options ("Options") granted by Fortinet, Inc. of 1090 Kifer Road, Sunnyvale, CA 94086, United States of America (the "Company") pursuant to the amended and restated 2000 Stock Plan (as amended and restated through March 31, 2006) (the "Plan"), and

(B) Fortinet UK Limited with registered offices c/o Mazars LLP, Sovereign Court, Witan Gate, Milton Keynes MK9 2HP, United Kingdom (the "Employer"), which employs the Optionee.

2. **Purpose of Election**

2.1 This Election relates to the Employer's secondary Class 1 National Insurance Contributions arising in respect of Relevant Employment Income (as defined in paragraph 3B of Schedule 1 to the Social Security Contributions and Benefits Act 1992) with respect to Options granted under the Plan (the "Employer's Liability") and (without limitation to the above) applies in relation to the Employer's Liability arising on:

(i) the acquisition of employment related securities pursuant to the exercise of the Options; and/or

(ii) the assignment (if applicable) or release of the Options in return for consideration; and/or

(iii) the receipt of any other benefit in money or money's worth in connection with the Options,

(each, a "Taxable Event").

2.2 This Election applies to all Options granted to the Optionee under the Plan on or after ____, up to the termination date of the Plan.

3. **The Election**

The Optionee and the Employer jointly elect that the entire liability of the Employer to pay the Employer's Liability on any Taxable Event is hereby transferred to the Optionee. The Optionee understands that by signing this Election he or she will become personally liable for the Employer's Liability covered by this Election.

4. **Payment of the Employer's Liability**

4.1 The Optionee hereby authorises the Employer and/or the Company to collect the Employer's Liability from the Optionee at any time after the Taxable Event:

(i) by deduction from salary or any other payment payable to the Optionee at any time on or after the date of the Taxable Event; and/or

(ii) directly from the Optionee by payment in cash or cleared funds; and/or

(iii) by arranging, on behalf of the Optionee, for the sale of some of the securities which the Optionee is entitled to receive pursuant to the exercise of the Option(s).

4.2 The Employer hereby reserves for itself and the Company the right to withhold the transfer of any securities to the Optionee until full payment of the Employer's Liability is received.

4.3 The Employer agrees to remit the Employer's Liability to HM Revenue & Customs on behalf of the Optionee within 14 days after the end of the UK tax month during which the Taxable Event occurs.

5. **Duration of Election**

5.1 The Optionee and the Employer agree to be bound by the terms of this Election regardless of whether the Optionee is transferred abroad or is not employed by the Employer on the date on which the Employer's Liability becomes due.

5.2 This Election will continue in effect until the earliest of the following:

(i) the date the Optionee and the Employer agree in writing that it should cease to have effect;

(ii) the date the Employer serves written notice on the Optionee terminating its effect;

(iii) the date HM Revenue & Customs withdraws approval of this Election; or

(iv) the date the Election ceases to have effect according to its terms.

Signed by:

The Optionee _____

Date: _____

Signed for and on behalf of Fortinet UK Ltd:

The Employer: _____

Position: _____

FORTINET, INC.

2000 STOCK PLAN

STOCK OPTION AGREEMENT FOR OPTIONEES IN FRANCE

Unless otherwise defined herein, the terms defined in the 2000 Stock Plan (the "U.S. Plan") and the Rules for the Grant of Stock Options to Optionees in France (the "French Plan" and in conjunction with the U.S. Plan, the "Plan") shall have the same defined meanings in this Stock Option Agreement for Optionees in France ("Option Agreement"). To the extent that any term is defined in both the U.S. Plan and the French Plan, for purposes of this grant of a French-qualified Option, the definitions in the French Plan shall prevail.

I. NOTICE OF GRANT OF FRENCH-QUALIFIED STOCK OPTION.

Name:

Address:

Country:

You have been granted an Option to purchase Shares of the Company, subject to the terms and conditions of the Plan and this Option Agreement, as follows:

Grant Number:

Grant Date:

Vesting Commencement Date:

Exercise Price per share:

Total Number of Shares Granted:

Total Exercise Price:

Type of Option: U.S. Nonstatutory Option complying with the terms of the French Plan which apply to the grant of French-qualified Options.

Term/Expiration Date: 9 years and 6 months from the Effective Grant Date (as defined in the French Plan).

Sale Restriction: The Shares issued upon exercise of this Option may not be sold or otherwise transferred until the fourth (4th) anniversary of the Effective Grant Date (with a maximum restriction on sale of three (3) years from the date the Option is exercised) or such other date as may be required to comply with the applicable holding period for French-qualified Options, except as set out in Termination Period provision below or as otherwise permitted under French law.

Exercise and Vesting Schedule:

So long as Optionee is an Employee or a corporate officer of the Company or any Parent or Subsidiary, this Option shall be exercisable in whole or in part, and shall vest according to the following vesting schedule:

[Regardless of any provisions to the contrary in this Agreement or in the Plan, no Shares subject to the Option shall vest until the first anniversary date of the Effective Grant Date (the "Anniversary Date") except in the event of death of Optionee. Upon the first Anniversary Date 1/4 of the Shares subject to the Option shall vest, and thereafter 1/48 of the Shares subject to the Option shall vest on the last day of each full month thereafter, subject to Optionee's continuing to be an Employee or a corporate officer of the Company or any Parent or Subsidiary.]

Pursuant to the terms of the Plan, vesting of the Option shall be tolled during any unpaid leave of absence of the Optionee. However, this will not be applied if contrary to local law.

Termination Period.

This Option may be exercised, to the extent it is then vested, for up to three months after Optionee ceases to be an Employee or a corporate officer of the Company or any Parent or Subsidiary. The restriction on the sale of Shares described in Section G of this Option Agreement will continue to apply even in case of termination of the Optionee unless the termination is due to dismissal or forced retirement according to the conditions of Section 91 ter of the Annex II of the French tax Code and as construed by the applicable guidelines. Notwithstanding the foregoing, upon death of the Optionee, this Option may be exercised, in accordance with Section 7 of the French Plan. In the event Optionee ceases to be an Employee or a corporate officer of the Company or any Parent or Subsidiary by reason of Disability (as defined under the French Plan), this Option may be exercised, to the extent it is then vested, for up to one year after Optionee ceases to be an Employee or a corporate officer. Further, should Optionee cease to be an Employee or a corporate officer of the Company or any Parent or Subsidiary by reason of death or Disability, the restriction on the sale of Shares described in Section G of the Option Agreement, will not apply to the Shares acquired upon exercise of the Option, provided all required conditions are satisfied. In no event shall this Option be exercised after the Term/Expiration Date as provided above, except in the event of Optionee's death.

II. AGREEMENT.

A. Grant of Option.

The Administrator of the Company hereby grants to the optionee (the "Optionee") named in the Notice of Grant incorporated as Part I of this Option Agreement, as of the Effective Grant Date, an option (the "Option") to purchase the number of Shares set forth in the Notice of Grant, at the exercise price per Share set forth in the Notice of Grant (the "Exercise Price"), and subject to the terms and conditions of the Plan, which is incorporated herein by reference. Subject to Section 14(c) of the Plan, in the event of a conflict between the terms and conditions of the Plan and this Option Agreement, the terms and conditions of the Plan shall prevail. Optionee understands and agrees that the Option is offered subject to and in accordance with the terms of the Plan (which includes the U.S. Plan and the French Plan). Optionee further agrees to be bound by the terms of the Plan and the terms of the Option as set forth in this Option Agreement.

This Option is intended to be a French-qualified Option that qualifies for the favorable tax and social security regime in France, as set forth in the French Plan. Certain events may affect the status of the Option as a French-qualified Option and the Option may be disqualified in the future. The Company does not make any undertaking or representation to maintain the qualified status of the French-qualified Option during the life of the Option, and the Optionee will not be entitled to any damages if the Option no longer qualifies as a French-qualified Option.

B. Exercise of Option.

This Option shall be exercised during its term in accordance with the provisions of Section 5 of the French Plan as follows:

1. Right to Exercise.

(i) This Option shall be exercisable cumulatively according to the vesting schedule set forth in the Notice of Grant. For purposes of this Option Agreement, Shares subject to the Option shall vest based on continued employment of Optionee with the Optionee's employer (the "Employer").

(ii) This Option may not be exercised for a fraction of a Share.

2. Method of Exercise.

This Option shall be exercisable by delivery of an exercise notice in the form attached as Exhibit A (the "Exercise Notice") which shall state the election to exercise the Option, the number of Shares with respect to which the Option is being exercised, and such other representations and agreements as may be required by the Company. The Exercise Notice shall be accompanied by payment of the aggregate Exercise Price as to all exercised Shares. This Option shall be deemed to be exercised upon receipt by the

Company of such fully executed Exercise Notice accompanied by the aggregate Exercise Price.

No Shares shall be issued pursuant to the exercise of an Option unless such issuance and such exercise complies with applicable laws.

C. Optionee's Representations.

In the event the Shares have not been registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), at the time this Option is exercised, the Optionee shall, if required by the Company, concurrently with the exercise of all or any portion of this Option, deliver to the Company his or her Investment Representation Statement in the form attached hereto as Exhibit B, and shall read the applicable rules of the U.S. Commissioner of Corporations attached to such Investment Representation Statement.

D. Lock-Up Period.

Optionee hereby agrees that, if so requested by the Company or any representative of the underwriters (the "Managing Underwriter") in connection with any registration of the offering of any securities of the Company under the Securities Act, Optionee shall not sell or otherwise transfer any Shares or other securities of the Company during the 180-day period (or such other period as may be requested in writing by the Managing Underwriter and agreed to in writing by the Company) (the "Market Standoff Period") following the effective date of a registration statement of the Company filed under the Securities Act. The Company may impose stop-transfer instructions with respect to securities subject to the foregoing restrictions until the end of such Market Standoff Period.

E. Method of Payment.

Payment of the aggregate Exercise Price shall be by any of the following, or a combination thereof, at the election of the Optionee:

(i) cash;

(ii) check;

(iii) consideration received by the Company under a formal cashless exercise program adopted by the Company in connection with the Plan if such exercise occurs after the Sale Restriction described in Section G. is no longer applicable; or

(iv) any other method authorized by the Plan, so long as the Company agrees.

F. Restrictions on Exercise.

This Option may not be exercised until such time as the Plan has been approved by the stockholders of the Company, or if the issuance of such Shares upon such exercise or the

method of payment of consideration for such shares would constitute a violation of any applicable law.

G. Restriction on Sale of Shares.

1. After issuance of the Shares to the Optionee upon exercise of the Option, the Optionee will not be permitted to sell, transfer, or assign the Shares until the fourth (4th) anniversary of the Effective Grant Date, or such other date as is required to comply with the applicable compulsory holding period for French-qualified options set forth by Section 163 bis C of the French Tax Code. The restriction on the sale of Shares described in Section G of the Option Agreement will continue to apply even in case of termination of the Optionee unless the termination is due to death or Disability of the Optionee or is due to dismissal or forced retirement according to the conditions set forth in Section 91 ter of the Annex II of the French tax Code and as construed by the applicable guidelines. In no event will the restriction on the sale of the Shares exceed a period of three (3) years from the date the Option is exercised. If the holding period applicable to Shares underlying the French-qualified Option is not met, this Option may not receive favorable tax and social security treatment under French law. In this case, the Optionee accepts and agrees that he or she will be responsible for paying personal income tax and his or her portion of social security contributions resulting from exercise of the Option.

2. At the Company's discretion, the share certificates for all Shares subject to the French-qualified Option may bear a legend setting forth the restriction on sale for the time period set out in this Section G. In addition, the share certificates may be held until the expiration of the holding period, at the Company's discretion, either (a) by the Company, (b) by a transfer agent designated by the Company, (c) in an account in the name of the Optionee with a broker designated by the Company, or (d) in such manner as the Company may otherwise determine in compliance with French law.

H. Non-Transferability of Option.

This Option may not be transferred or assigned in any manner otherwise than by will or by the laws of descent or distribution and may be exercised during the lifetime of Optionee only by Optionee. The terms of the Plan and this Option Agreement shall be binding upon the executors, administrators, heirs, successors and assigns of the Optionee.

I. Term of Option.

Except in the event of Optionee's death, this Option may be exercised only within the term set out in the Notice of Grant, and may be exercised during such term only in accordance with the Plan and the terms of this Option.

J. Entire Agreement.

The Plan is incorporated herein by reference. The Plan (including the French Plan) and this Option Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the

Company and Optionee with respect to the subject matter hereof, and may not be modified adversely to the Optionee's interest except by means of a writing signed by the Company and Optionee.

K. No Guarantee of Continued Service.

OPTIONEE ACKNOWLEDGES AND AGREES THAT THE VESTING OF THIS OPTION PURSUANT TO THE VESTING SCHEDULE HEREOF IS EARNED ONLY BY CONTINUING AS AN EMPLOYEE OR A CORPORATE OFFICER AT THE WILL OF THE EMPLOYER (NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THIS OPTION OR ACQUIRING SHARES HEREUNDER). OPTIONEE FURTHER ACKNOWLEDGES AND AGREES THAT THIS AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREUNDER AND THE VESTING SCHEDULE SET FORTH HEREIN DO NOT CONSTITUTE AN EXPRESS OR IMPLIED PROMISE OF CONTINUED ENGAGEMENT AS AN EMPLOYEE OR A CORPORATE OFFICER FOR THE VESTING PERIOD, FOR ANY PERIOD, OR AT ALL, AND SHALL NOT INTERFERE IN ANY WAY WITH OPTIONEE'S RIGHT OR THE EMPLOYER'S RIGHT TO TERMINATE OPTIONEE'S RELATIONSHIP AS AN EMPLOYEE OR A CORPORATE OFFICER AT ANY TIME, WITH OR WITHOUT CAUSE IN ACCORDANCE WITH APPLICABLE LAWS.

L. Responsibility for Taxes.

Regardless of any action the Company or the Employer takes with respect to any or all income tax, social insurance, payroll tax, payment on account or other tax-related withholding ("Tax-Related Items"), Optionee hereby acknowledges that the ultimate liability for all Tax-Related Items legally due by the Optionee is and remains the Optionee's responsibility and that the Company and/or the Employer (1) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of this Option grant, including the grant, vesting or exercise of this Option, the subsequent sale of Shares acquired pursuant to such exercise and the receipt of any dividends; and (2) do not commit to structure the terms of the grant or any aspect of this Option to reduce or eliminate the Optionee's liability for Tax-Related Items.

Prior to exercise of this Option, the Optionee shall pay or make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all withholding and payment on account obligations of the Company and/or the Employer. In this regard, Optionee hereby authorizes the Company and/or the Employer to withhold all applicable Tax-Related Items legally payable by the Optionee from the Optionee's wages or other cash compensation paid to the Optionee by the Company and/or the Employer within the limits set forth by French law or from proceeds of the sale of Shares. Alternatively, or in addition, if permissible under French law, the Company may (1) sell or arrange for the sale of Shares that the Optionee acquires to meet the withholding obligation for Tax-Related Items, and/or (2) withhold in Shares, provided that the Company only withholds the amount of Shares necessary to satisfy the minimum withholding amount. Optionee acknowledges and agrees that if Tax-Related Items are satisfied by withholding from the proceeds of the sale of the Shares and the amount withheld is in excess of the amount due, the Company and/or the Employer will refund the excess amount to

Optionee as soon as administratively practicable and without interest. Finally, the Optionee shall pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold as a result of the Optionee's participation in the Plan or the Optionee's purchase of Shares that cannot be satisfied by the means previously described. The Company may refuse to honor the exercise and refuse to deliver the Shares if the Optionee fails to comply with the Optionee's obligations in connection with the Tax-Related Items as described in this section.

M. **Nature of Grant.**

In accepting the Option grant, Optionee acknowledges that:

1. the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, unless otherwise provided in the Plan and this Option Agreement;

2. the grant of this Option is voluntary and occasional and does not create any contractual or other right to receive future grants of options, or benefits in lieu of options, even if options have been granted repeatedly in the past;

3. all decisions with respect to future option grants, if any, will be at the sole discretion of the Company;

4. the Optionee's participation in the Plan shall not create a right to further employment with the Employer and shall not interfere with the ability of the Employer to terminate the Optionee's employment relationship at any time with or without cause in accordance with applicable laws;

5. the Optionee is voluntarily participating in the Plan;

6. this Option is an extraordinary item that does not constitute compensation of any kind for services of any kind rendered to the Company or the Employer, and which is outside the scope of the Optionee's employment contract, if any;

7. this Option is not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Company or the Employer;

8. in the event that the Optionee is not an employee of Company, this Option grant will not be interpreted to form an employment contract or relationship with the Company; and furthermore, this Option grant will not

be interpreted to form an employment contract with the Employer or any subsidiary or affiliate of the Company;

9. the future value of the Shares is unknown and cannot be predicted with certainty;

10. if the Shares do not increase in value, this Option will have no value;

11. if the Optionee exercises this Option and obtains the Shares, the value of the Shares acquired upon exercise may increase or decrease in value, even below the exercise price;

12. in consideration of the grant of this Option, no claim or entitlement to compensation or damages shall arise from termination of this Option or diminution in value of this Option or the Shares purchased through exercise of this Option resulting from termination of the Optionee's employment by the Company or the Employer and the Optionee irrevocably releases the Company and the Employer from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, then, by signing this Option Agreement, the Optionee shall be deemed irrevocably to have waived his or her entitlement to pursue such claim; and

13. in the event of termination of the Optionee's employment (whether or not in breach of local labor laws), the Optionee's right to receive this Option and vest in this Option under the Plan, if any, will terminate effective as of the date that the Optionee is no longer actively employed; furthermore, in the event of termination of employment (whether or not in breach of local labor laws), the Optionee's right to exercise this Option after termination of employment, if any, will be measured by the date of termination of the Optionee's active employment and will not be extended by any notice period mandated under local law; the Administrator shall have the exclusive discretion to determine when the Optionee is no longer actively employed for purposes of this Option grant.

N. ***Data Privacy.***

Optionee hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Optionee's personal data as described in this document by and among, as applicable, the Employer, and the Company and its subsidiaries and affiliates for the exclusive purpose of implementing, administering and managing the Optionee's participation in the Plan.

Optionee understands that the Company and the Employer may hold certain personal information about him or her, including, but not limited to, the Optionee's name, home address and telephone number, date of birth, social security number or other identification number, salary, nationality, job title, any shares of stock or directorships held in

the Company, details of all options or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in the Optionee's favor, for the purpose of implementing, administering and managing the Plan ("Data"). Optionee understands that Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in the Optionee's country or elsewhere, including outside the European Union, and that the recipients' country (e.g., the United States) may have different data privacy laws and protections than the Optionee's country. Optionee understand that he or she may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative. Optionee authorizes the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing his or her participation in the Plan, including any requisite transfer of such Data as may be required to a broker or other third party with whom the Optionee may elect to deposit any shares of stock acquired upon exercise of this Option. Optionee understands that Data will be held only as long as is necessary to implement, administer and manage his or her participation in the Plan. Optionee understands that he or she may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing his or her local human resources representative. Optionee understands, however, that refusing or withdrawing his or her consent may affect his or her ability to participate in the Plan. For more information on the consequences of the Optionee's refusal to consent or withdrawal of consent, Optionee understands that he or she may contact the local human resources representative.

O. Governing Law; Venue for Litigation.

This Option grant and the provisions of this Option Agreement are governed by, and subject to, the internal substantive laws but not the choice of law rules of the State of California.

For purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties evidenced by this grant or the Option Agreement, the parties hereby submit to and consent to the exclusive jurisdiction of the State of California and agree that such litigation shall be conducted only in the courts of San Mateo County, California, or the federal courts for the United States for the Northern District of California, and no other courts, where this grant is made and/or to be performed.

P. Language.

If the Optionee has received this Option Agreement or any other document related to the Plan translated into French and if the translated version is different than the English version, the English version will control.

Q. Electronic Delivery.

The Company may, in its sole discretion, decide to deliver any documents related to this Option granted under and participation in the Plan or future options that may be granted

under the Plan by electronic means or to request the Optionee's consent to participate in the Plan by electronic means. Optionee hereby consents to receive such documents by electronic delivery and, if requested, to agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

R. Severability.

The provisions of this Option Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

Optionee acknowledges receipt of a copy of the Plan and represents that he or she is familiar with the terms and provisions thereof, and hereby accepts this Option subject to all of the terms and provisions thereof. Optionee has reviewed the Plan and this Option in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Option and fully understands all provisions of this Option. Optionee hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan or this Option. Optionee further agrees to notify the Company upon any change in the residence address indicated below.

OPTIONEE:

_____

_____

Residence Address

_____

FORTINET, INC.

_____

Exhibit 10.3

FORTINET, INC.

2008 STOCK PLAN

(as amended and restated through July 22, 2009)

1. Purposes of the Plan.

The purposes of this Stock Plan are to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentive to Employees, Directors and Consultants and to promote the success of the Company's business. Options granted under the Plan may be Incentive Stock Options or Nonstatutory Stock Options, as determined by the Administrator at the time of grant. Stock Purchase Rights may also be granted under the Plan.

2. Definitions.

(a) "Administrator" means the Board or any of its Committees as shall be administering the Plan in accordance with Section 4 hereof.

(b) "Applicable Laws" means the requirements relating to the administration of stock option plans under state corporate laws, U.S. federal and state securities laws, the Code, any stock exchange or quotation system on which the Common Stock is listed or quoted and the applicable laws of any other country or jurisdiction where Options or Stock Purchase Rights are granted under the Plan.

(c) "Board" means the Board of Directors of the Company.

(d) "Code" means the Internal Revenue Code of 1986, as amended.

(e) "Committee" means a committee of Directors appointed by the Board in accordance with Section 4 hereof.

(f) "Common Stock" means the Common Stock of the Company.

(g) "Company" means Fortinet, Inc., a Delaware corporation.

(h) "Consultant" means any person who is engaged by the Company or any Parent or Subsidiary to render consulting or advisory services to such entity.

(i) "Director" means a member of the Board of Directors of the Company.

(j) "Disability" means total and permanent disability as defined in Section 22(e)(3) of the Code.

(k) "Employee" means any person, including Officers and Directors, employed by the Company or any Parent or Subsidiary of the Company. A Service Provider shall not cease to be an Employee in the case of (i) any leave of absence approved by the Company, or (ii) transfers between locations of the Company or between the Company, its Parent, any Subsidiary, or any successor. For purposes of Incentive Stock Options, no such leave may exceed three (3) months, unless reemployment upon expiration of such leave is guaranteed by statute or contract. If reemployment upon expiration of a leave of absence approved by the Company is not so guaranteed, then six (6) months following the first (1st) day of such leave any Incentive Stock Option held by the Optionee shall cease to be treated as an Incentive Stock Option and shall be treated for tax purposes as a Nonstatutory Stock Option. Neither service as a Director nor payment of a director's fee by the Company shall be sufficient to constitute "employment" by the Company.

(l) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

(m) "Fair Market Value" means, as of any date, the value of Common Stock determined as follows:

(i) If the Common Stock is listed on any established stock exchange or traded on a national market system, including without limitation the Nasdaq National Market or the Nasdaq SmallCap Market of the Nasdaq Stock Market, its Fair Market Value shall be the closing sales price for such stock (or the closing bid, if no sales were reported) as quoted on such exchange or system for the last market trading day prior to the time of determination, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable;

(ii) If the Common Stock is regularly quoted by a recognized securities dealer but selling prices are not reported, its Fair Market Value shall be the mean between the high bid and low asked prices for the Common Stock on the last market trading day prior to the day determination; or

(iii) In the absence of an established market for the Common Stock, the Fair Market Value thereof shall be determined in good faith by the Administrator.

(n) "Incentive Stock Option" means an Option intended to qualify as an incentive stock option within the meaning of Section 422 of the Code.

(o) "Nonstatutory Stock Option" means an Option not intended to qualify as an Incentive Stock Option.

(p) "Officer" means a person who is an officer of the Company within the meaning of Section 16 of the Exchange Act and the rules and regulations promulgated thereunder.

(q) "Option" means a stock option granted pursuant to the Plan.

(r) "Option Agreement" means a written or electronic agreement between the Company and an Optionee evidencing the terms and conditions of an individual Option grant. The Option Agreement is subject to the terms and conditions of the Plan.

(s) "Option Exchange Program" means a program under which (i) outstanding Options and Stock Purchase Rights are surrendered or cancelled in exchange for awards of the same type (which may have higher or lower exercise prices and different terms), awards of a different type, and/or cash, (ii) Optionees would have the opportunity to transfer any outstanding awards to a financial institution or other person or entity selected by the administrator, and/or (iii) the exercise price of an outstanding award is reduced or increased. The Administrator will determine the terms and conditions of any Option Exchange Program in its sole discretion.

(t) "Optioned Stock" means the Common Stock subject to an Option or a Stock Purchase Right.

(u) "Optionee" means the holder of an outstanding Option or Stock Purchase Right granted under the Plan.

(v) "Parent" means a "parent corporation," whether now or hereafter existing, as defined in Section 424(e) of the Code.

(w) "Plan" means the Fortinet, Inc. 2008 Stock Plan.

(x) "Restricted Stock" means shares of Common Stock acquired pursuant to a grant of a Stock Purchase Right under Section 11 below.

(y) "Section 16(b)" means Section 16(b) of the Securities Exchange Act of 1934, as amended.

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

(aa) "Service Provider" means an Employee, Director or Consultant.

(bb) "Share" means a share of the Common Stock, as adjusted in accordance with Section 12 below.

(cc) "Stock Purchase Right" means a right to purchase Common Stock pursuant to Section 11 below.

(dd) "Subsidiary" means a "subsidiary corporation," whether now or hereafter existing, as defined in Section 424(f) of the Code.

3. Stock Subject to the Plan.

Subject to the provisions of Section 12 of the Plan, the maximum aggregate number of Shares which may be subject to options and sold under the Plan is 5,000,000 Shares, plus (i) any Shares that, as of the date of stockholder approval of this Plan, have been reserved but not issued pursuant to any awards granted under the Fortinet, Inc. Amended and Restated 2000 Stock Plan (the "2000 Plan") and are not subject to any awards granted thereunder, and (ii) any Shares subject to stock options or similar awards granted under the 2000 Plan that expire or otherwise terminate without having been exercised in full and Shares issued pursuant to awards granted under the 2000 Plan that are forfeited to or repurchased by the Company, with the maximum number of Shares to be added to the Plan pursuant to clauses (i) and (ii) equal to 17,224,412 Shares. There is no maximum number of Shares with respect to which Options or Stock Purchase Rights may be granted to any one Optionee, in the aggregate, in any calendar year. The Shares may be authorized but unissued, or reacquired Common Stock.

If an Option or Stock Purchase Right expires or becomes unexercisable without having been exercised in full, or is surrendered pursuant to an Option Exchange Program, the unpurchased Shares which were subject thereto shall become available for future grant or sale under the Plan (unless the Plan has terminated). However, Shares that have actually been issued under the Plan, upon exercise of either an Option or Stock Purchase Right, shall not be returned to the Plan and shall not become available for future distribution under the Plan, except that if Shares of Restricted Stock are repurchased by the Company at their original purchase price, such Shares shall become available for future grant under the Plan.

4. Administration of the Plan.

(a) Administrator. The Plan shall be administered by the Board or a Committee appointed by the Board, which Committee shall be constituted to comply with Applicable Laws.

(b) Powers of the Administrator. Subject to the provisions of the Plan and, in the case of a Committee, the specific duties delegated by the Board to such Committee, and subject to the approval of any relevant authorities, the Administrator shall have the authority in its discretion:

(i) to determine Fair Market Value;

(ii) to select the Service Providers to whom Options and Stock Purchase Rights may from time to time be granted hereunder;

(iii) to determine the number of Shares to be covered by each such award granted hereunder;

(iv) to approve forms of agreement for use under the Plan;

(v) to determine the terms and conditions of any Option or Stock Purchase Right granted hereunder. Such terms and conditions include, but are not limited to, the exercise price, the time or times when Options or Stock Purchase Rights may be exercised (which may be based on performance criteria), any vesting acceleration or waiver of forfeiture restrictions, and any restriction or limitation regarding any Option or Stock Purchase Right or the Common Stock relating thereto, based in each case on such factors as the Administrator, in its sole discretion, shall determine;

(vi) to determine whether and under what circumstances an Option may be settled in cash under subsection 9(e) instead of Common Stock;

(vii) to reduce the exercise price of any Option to the then current Fair Market Value if the Fair Market Value of the Common Stock covered by such Option has declined since the date the Option was granted;

(viii) to initiate an Option Exchange Program;

(ix) to prescribe, amend and rescind rules and regulations relating to the Plan, including rules and regulations relating to sub-plans established for the purpose of qualifying for preferred tax treatment under foreign tax laws;

(x) to allow Optionees to satisfy withholding tax obligations by electing to have the Company withhold from the Shares to be issued upon exercise of an Option or Stock Purchase Right that number of Shares having a Fair Market Value equal to the amount required to be withheld. The Fair Market Value of the Shares to be withheld shall be determined on the date that the amount of tax to be withheld is to be determined. All elections by Optionees to have Shares withheld for this purpose shall be made in such form and under such conditions as the Administrator may deem necessary or advisable; and

(xi) to construe and interpret the terms of the Plan and awards granted pursuant to the Plan.

(c) Effect of Administrator's Decision. All decisions, determinations and interpretations of the Administrator shall be final and binding on all Optionees.

5. Eligibility.

(a) Nonstatutory Stock Options and Stock Purchase Rights may be granted to Service Providers. Incentive Stock Options may be granted only to Employees. For purposes of this Section 5(a), "Service Providers" shall include prospective Service Providers to whom Options or Stock Purchase Rights are granted in connection with written offers of a service relationship with the Company or any Parent or Subsidiary. Any person who is not an Employee on the effective date of the grant of an Option may be granted only a Nonstatutory Stock Option. An Incentive Stock Option granted to a prospective Employee on the condition that such individual become an Employee shall be deemed granted effective on the date such person begins service with the Company or any Parent or Subsidiary. The exercise price of such Incentive Stock Options shall be determined as of such date in accordance with Section 8.

(b) Each Option shall be designated in the Option Agreement as either an Incentive Stock Option or a Nonstatutory Stock Option. However, notwithstanding such designation, to the extent that the aggregate Fair Market Value of the Shares with respect to which Incentive Stock Options are exercisable for the first time by the Optionee during any calendar year (under all plans of the Company and any Parent or Subsidiary) exceeds $100,000, such Options shall be treated as Nonstatutory Stock Options. For purposes of this Section 5(b), Incentive Stock Options shall be taken into account in the order in which they were granted. The Fair Market Value of the Shares shall be determined as of the time of the Option with respect to such Shares is granted.

(c) Neither the Plan nor any Option or Stock Purchase Right shall confer upon any Optionee any right with respect to continuing the Optionee's relationship as a Service Provider with the Company, nor shall it interfere in any way with his or her right or the Company's right to terminate such relationship at any time, with or without cause.

6. Term of Plan.

The Plan shall become effective upon its adoption by the Board. It shall continue in effect for a term of ten (10) years unless sooner terminated under Section 14 of the Plan.

7. Term of Option.

The term of each Option shall be stated in the Option Agreement; provided, however, that the term shall be no more than ten (10) years from the date of grant thereof. In the case of an Incentive Stock Option granted to an Optionee who, at the time the Option is granted, owns stock representing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or any Parent or Subsidiary, the term of the Option shall be five (5) years from the date of grant or such shorter term as may be provided in the Option Agreement.

8. Option Exercise Price and Consideration.

(a) The per share exercise price for the Shares to be issued upon exercise of an Option shall be such price as is determined by the Administrator, but shall be subject to the following:

(i) In the case of an Incentive Stock Option

(A) granted to an Employee who, at the time of grant of such Option, owns stock representing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or any Parent or Subsidiary, the exercise price shall be no less than 110% of the Fair Market Value per Share on the date of grant.

(B) granted to any other Employee, the per Share exercise price shall be no less than 100% of the Fair Market Value per Share on the date of grant.

(ii) in the case of a Nonstatutory Stock Option

(A) granted to any other Service Provider, the per Share exercise price shall be no less than 100% of the Fair Market Value per Share on the date of grant.

(iii) Notwithstanding the foregoing, Options may be granted with a per Share exercise price other than as required above pursuant to a merger or other corporate transaction.

(b) The consideration to be paid for the Shares to be issued upon exercise of an Option, including the method of payment, shall be determined by the Administrator (and, in the case of an Incentive Stock Option, shall be determined at the time of grant). Such consideration may consist of (1) cash,

(2) check, (3) promissory note, (4) other Shares which (x) in the case of Shares acquired upon exercise of an Option; have been owned by the Optionee for more than six months on the date of surrender, and (y) have a Fair Market Value on the date of surrender equal to the aggregate exercise price of the Shares as to which such Option shall be exercised, (5) consideration received by the Company under a cashless exercise program implemented by the Company in connection with the Plan, (6) to the extent that a Stock Option Agreement so provides, and if the Common Stock is publicly traded, payment may be made all or in part by the delivery (on a form prescribed by the Company) of an irrevocable direction to a securities broker approved by the Company to sell Shares and to deliver all or part of the sales proceeds to the Company in payment of all or part of the Exercise Price and any withholding taxes, (7) to the extent that a Stock Option Agreement so provides, and if Stock is publicly traded, payment may be made all or in part by the delivery (on a form prescribed by the Company) of an irrevocable direction to pledge Shares to a securities broker or lender approved by the Company, as security for a loan, and to deliver all or part of the loan proceeds to the Company in payment of all or part of the Exercise Price and any withholding taxes, (8) by such other consideration as may be approved by the Administrator from time to time to the extent permitted by Applicable Law or (9) any combination of the foregoing methods of payment. In making its determination as to the type of consideration to accept, the Administrator shall consider if acceptance of such consideration may be reasonably expected to benefit the Company.

9. Exercise of Option.

(a) Procedure for Exercise: Rights as a Stockholder. Any Option granted hereunder shall be exercisable according to the terms hereof at such times and under such conditions as determined by the Administrator and set forth in the Option Agreement. Unless the Administrator provides otherwise, vesting of Options granted hereunder shall be tolled during any unpaid leave of absence. An Option may not be exercised for a fraction of a Share.

An Option shall be deemed exercised when the Company receives: (i) written or electronic notice of exercise (in accordance with the Option Agreement) from the person entitled to exercise the Option, and (ii) full payment for the Shares with respect to which the Option is exercised. Full payment may consist of any consideration and method of payment authorized by the Administrator and permitted by the Option Agreement and the Plan. Shares issued upon exercise of an Option shall be issued in the name of the Optionee or, if requested by the Optionee, in the name of the Optionee and his or her spouse. Until the Shares are issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a stockholder shall exist with respect to the Shares, notwithstanding the exercise of the Option. The Company shall issue (or cause to be issued) such Shares promptly after the Option is exercised. No adjustment will be made for a dividend or other right for which the record date is prior to the date the Shares are issued, except as provided in Section 12 of the Plan.

Exercise of an Option in any manner shall result in a decrease in the number of Shares thereafter available, both for purposes of the Plan and for sale under the Option, by the number of Shares as to which the Option is exercised.

(b) Termination of Relationship as a Service Provider. If an Optionee's status as a Service Provider terminates, such Optionee may exercise his or her Option within such period of time as is specified in the Option Agreement (of at least thirty (30) days) to the extent that the Option is vested on the date of termination (but in no event later than the expiration of the term of the Option as set forth in the Option Agreement). In the absence of a specified time in the Option Agreement, the Option shall remain exercisable for three (3) months following the Optionee's termination. If, on the date of termination, the Optionee is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option shall revert to the Plan. If, after termination, the Optionee does not exercise his or her Option within the time specified by the Administrator, the Option shall terminate, and the Shares covered by such Option shall revert to the Plan.

(c) Disability of Optionee. If an Optionee's status as a Service Provider terminates as a result of the Optionee's Disability, the Optionee may exercise his or her Option within such period of time as is specified in the Option Agreement (of at least six (6) months) to the extent the Option is vested on the date of termination (but in no event later than the expiration of the term of such Option as set forth in the Option Agreement). In the absence of a specified time in the Option Agreement, the Option shall remain exercisable for twelve (12) months following the Optionee's termination. If, on the date of termination, the Optionee is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option shall revert to the Plan. If, after termination, the Optionee does not exercise his or her Option within the time specified herein, the Option shall terminate, and the Shares covered by such Option shall revert to the Plan.

(d) Death of Optionee. If an Optionee dies while a Service Provider, the Option may be exercised within such period of time as is specified in the Option Agreement (of at least six (6) months) to the extent that the Option is vested on the date of death (but in no event later than the expiration of the term of such Option as set forth in the Option Agreement) by the Optionee's estate or by a person who acquires the right to exercise the Option by bequest or inheritance. In the absence of a specified time in the Option Agreement, the Option shall remain exercisable for twelve (12) months following the Optionee's death. If, at the time of death, the Optionee is not vested as to the entire Option, the Shares covered by the unvested portion of the Option shall immediately revert to the Plan. If the Option is not so exercised within the time specified herein, the Option shall terminate, and the Shares covered by such Option shall revert to the Plan.

(e) Buy-Out Provision. The Administrator may at any time offer to buy out for a payment in cash or Shares, an Option previously granted, based on such terms and conditions as the Administrator shall establish and communicate to the Optionee at the time that such offer is made.

10. Non-Transferability of Options and Stock Purchase Rights.

Unless determined otherwise by the Administrator and except as provided for in Section 9(e), the Options (and, prior to exercise, the Shares to be issued upon exercise of Options) and Stock Purchase Rights may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner, including by entering into any short position, any "put equivalent position" or any "call equivalent position" (each as defined in Section 16a-1(b) of the Exchange Act) with respect to such securities, other than (i) by will, (ii) by the laws of descent or distribution, or (iii) subject to approval of the Administrator, as permitted by Rule 701 of the Securities Act. Unless determined otherwise by the Administrator, the Option and Stock Purchase Right may be exercised, during the lifetime of the Optionee, only by the Optionee.

11. Stock Purchase Rights.

(a) Rights to Purchase. Stock Purchase Rights may be issued either alone, in addition to, or in tandem with, other awards granted under the Plan and/or cash awards made outside of the Plan. After the Administrator determines that it will offer Stock Purchase Rights under the Plan, it shall advise the offeree in writing or electronically of the terms, conditions and restrictions related to the offer, including the number of Shares that such person shall be entitled to purchase, the price to be paid, and the time within which such person must accept such offer.

(b) Repurchase Option. Unless the Administrator determines otherwise, the Restricted Stock purchase agreement shall grant the Company a repurchase option exercisable upon the voluntary or involuntary termination of the purchaser's service with the Company for any reason (including death or Disability). The purchase price for Shares repurchased pursuant to the Restricted Stock purchase agreement shall be the original price paid by the purchaser and may be paid by cancellation of any indebtedness of the purchaser to the Company. The repurchase option shall lapse at such rate as the Administrator may determine.

(c) Other Provisions. The Restricted Stock purchase agreement shall contain such other terms, provisions and conditions not inconsistent with the Plan as may be determined by the Administrator in its sole discretion.

(d) Rights as a Stockholder. Once the Stock Purchase Right is exercised, the purchaser shall have rights equivalent to those of a stockholder and shall be a stockholder when his or her purchase is entered upon the records of the duly authorized transfer agent of the Company. No adjustment shall be made for a dividend or other right for which the record date is prior to the date the Stock Purchase Right is exercised, except as provided in Section 12 of the Plan.

12. Changes in Capitalization; Dissolution or Liquidation; Change of Control.

(a) Changes in Capitalization. Subject to any required action by the stockholders of the Company, the number of shares of Common Stock covered by each outstanding Option or Stock Purchase Right, and the number of shares of Common Stock which have been authorized for issuance under the Plan but as to which no Options or Stock Purchase Rights have yet been granted or which have been returned to the Plan upon cancellation or expiration of an Option or Stock Purchase Right, as well as the price per share of Common Stock covered by each such outstanding Option or Stock Purchase Right, shall be proportionately adjusted for any increase or decrease in the number of issued shares of Common Stock resulting from a stock split, reverse stock split, stock dividend, combination or reclassification of the Common Stock, or any other increase or decrease in the number of issued shares of Common Stock effected without receipt of consideration by the Company. The conversion of any convertible securities of the Company shall not be deemed to have been "effected without receipt of consideration." Such adjustment shall be made by the Board, whose determination in that respect shall be final, binding and conclusive. Except as expressly provided herein, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares of Common Stock subject to an Option or Stock Purchase Right.

(b) Dissolution or Liquidation. In the event of the proposed dissolution or liquidation of the Company, the Administrator shall notify each Optionee as soon as practicable prior to the effective date of such proposed transaction. The Administrator in its discretion may provide for an Optionee to have the right to exercise his or her Option or Stock Purchase Right until fifteen (15) days prior to such transaction as to all of the Optioned Stock covered thereby, including Shares as to which the Option or Stock Purchase Right would not otherwise be exercisable. In addition, the Administrator may provide that any Company repurchase option applicable to any Shares purchased upon exercise of an Option or Stock Purchase Right shall lapse as to all such Shares, provided the proposed dissolution or liquidation takes place at the time and in the manner contemplated. To the extent it has not been previously exercised, an Option or Stock Purchase Right will terminate immediately prior to the consummation of such proposed action.

(c) Change of Control. In the event of (1) a merger or consolidation of the Company with or into any other corporation or corporations (but excluding any transaction or series of transactions effected solely for the purpose of reincorporating the Company into another jurisdiction and any transaction(s) in which the stockholders of the Company immediately prior to such transaction(s) control, immediately after consummation of the transaction(s), more than 50% of the voting power of the surviving entity) or (2) a sale of all or substantially all of the assets of the Company (collectively referred to as a "Change of Control") each outstanding Option and Stock Purchase Right shall be assumed or an equivalent option or right substituted by the successor corporation or a Parent or Subsidiary of the successor corporation. In the event that the successor corporation (or its Parent or Subsidiary company) refuses to assume or substitute for the Option or Stock Purchase Right, the Optionee shall fully vest in and have the right to exercise the Option or Stock Purchase Right as to all of the Optioned Stock, including Shares as to which it would not otherwise be vested or exercisable. If an Option or Stock Purchase Right is not assumed or substituted for in the event of a Change of Control, the Administrator shall notify the Optionee in writing or electronically that the Option or Stock Purchase Right shall be fully exercisable for a period of fifteen (15) days or such other period of time as the Administrator shall determine from the date of such notice, and the Option or Stock Purchase Right shall

terminate upon the expiration of such period. For the purposes of this paragraph, the Option or Stock Purchase Right shall be considered assumed if, following the Change of Control, the option or right confers the right to purchase or receive, for each Share subject to the Option or Stock Purchase Right immediately prior to the Change of Control, the consideration (whether stock, cash, or other securities or property) received in the Change of Control by holders of Common Stock for each Share held on the effective date of the transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Shares); provided, however, that if such consideration received in the Change of Control is not solely common stock of the successor corporation or its Parent, the Administrator may, with the consent of the successor corporation, provide for the consideration to be received upon the exercise of the Option or Stock Purchase Right, for each Share subject to the Option or Stock Purchase Right, to be solely common stock of the successor corporation or its Parent equal in fair market value to the per share consideration received by holders of Common Stock in the Change of Control.

13. Time of Granting Options and Stock Purchase Rights.

The date of grant of an Option or Stock Purchase Right shall, for all purposes, be the date on which the Administrator makes the determination granting such Option or Stock Purchase Right, or such other date as is determined by the Administrator. Notice of the determination shall be given to each Service Provider to whom an Option or Stock Purchase Right is so granted within a reasonable time after the date of such grant.

14. Amendment and Termination of the Plan.

(a) Effective Date; Term of Plan. This Plan shall become effective as determined by the Board of Directors, but no Options granted under this Plan shall be exercised and no grants of Restricted Stock shall have their restrictions lapse unless and until this Plan has been approved by the stockholders of the Company, which approval shall be within twelve (12) months before or after the date this Plan is adopted by the Board of Directors. This Plan shall continue in effect for a term of ten (10) years unless sooner terminated under this Section 14.

(b) Amendment and Termination. The Board of Directors in its sole discretion may terminate this Plan at any time. The Board of Directors may amend this Plan at any time in such respects as the Board of Directors may deem advisable; provided, that any change in the aggregate number of Shares that may be issued under this Plan, other than in connection with an adjustment under Section 12 of this Plan, shall require approval of the holders of a majority of the outstanding Shares entitled to vote.

(c) Effect of Termination. In the event this Plan is terminated, no Shares shall be issued under this Plan, except upon exercise of an Option granted prior to such termination or issuance of Shares of Restricted Stock previously credited to a Restricted Stock Account. The termination of this Plan, or any amendment thereof, shall not affect any Shares previously issued to an Optionee, any Option previously granted under this Plan or any Restricted Stock previously credited to a Restricted Stock Account.

15. Conditions Upon Issuance of Shares.

(a) Legal Compliance. Shares shall not be issued pursuant to the exercise of an Option or Stock Purchase Right unless the exercise of such Option or Stock Purchase Right and the issuance and delivery of such Shares shall comply with Applicable Laws and shall be further subject to the approval of counsel for the Company with respect to such compliance.

(b) Investment Representations. As a condition to the exercise of an Option or Stock Purchase Right, the Administrator may require the person exercising such Option or Stock Purchase Right to represent and warrant at the time of any such exercise that the Shares are being purchased only for investment and without any present intention to sell or distribute such Shares if, in the opinion of counsel for the Company, such a representation is required.

16. Inability to Obtain Authority. The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, shall relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained.

17. Reservation of Shares. The Company, during the term of this Plan, shall at all times reserve and keep available such number of Shares as shall be sufficient to satisfy the requirements of the Plan.

18. Stockholder Approval. The Plan shall be subject to approval by the stockholders of the Company within twelve (12) months after the date the Plan is adopted by the Board. Such stockholder approval shall be obtained in the degree and manner required under Applicable Laws.

19. Information to Optionees. Until such time as the Company becomes subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act or is no longer relying on the exemption provided by Rule 12h-1(f)(1) under the Exchange Act, the Company shall provide to each Optionee the information described in Rule 701 paragraphs (e)(3), (4), and (5) of Rule 701 under the Securities Act not less frequently than every six months with the financial statements being not more than 180 days old and with such information provided either by physical or electronic delivery to the Optionees or by written notice to the Optionees of the availability of the information on an Internet site that may be password-protected and of any password needed to access the information. The Company may request that Optionees agree to keep the information to be provided pursuant to this section confidential. If an Optionee does not agree to keep the information to be provided pursuant to this section confidential, then the Company is not required to provide the information.

APPENDIX 1

Rules of the Fortinet, Inc. 2008 Stock Plan

For the Grant of Stock Options to Optionees in France

1. **Introduction**.

The Board of Directors (the "Board") of Fortinet, Inc. (the "Company") has established the Fortinet, Inc. 2008 Stock Plan (the "U.S. Plan") to attract and retain the best available personnel for positions of substantial responsibility, to promote the success of the Company's business and to provide additional incentive to Employees, Directors and Consultants, including Employees and corporate officers of its French affiliate(s) (a "French Entity"), of which the Company holds directly or indirectly at least 10% of the share capital.

Section 4(a) of the U.S. Plan specifically authorizes a committee appointed by the Board (the "Committee"), or the Board itself, to administer the U.S. Plan (the "Administrator"). Section 4(b)(ix) of the U.S. Plan specifically authorizes the Administrator to prescribe, amend and rescind rules and regulations relating to the U.S. Plan, including rules and regulations relating to sub-plans established for the purpose of qualifying for preferred tax treatment under foreign tax laws.

The Administrator has determined that it is advisable to establish a sub-plan for the purpose of permitting such stock options granted to Employees and corporate officers of a French Entity to qualify for favorable tax and social security treatment in France. The Administrator, therefore, intends to establish a sub-plan to the U.S. Plan for the purpose of granting options which qualify for favorable tax and social security treatment in France applicable to options granted under Sections L. 225-177 to L. 225-186 of the French Commercial Code, as amended to eligible Employees and corporate officers in France who are French tax resident and/or subject to the French social security contributions regime.

The terms of the U.S. Plan, as set out in Appendix 1 hereto, shall, subject to the following rules, constitute the Rules of the Fortinet, Inc. 2008 Stock Plan for the Grant of Stock Options to Optionees in France (the "French Plan").

Under the French Plan, the eligible Optionees will be granted only Options as defined in Section 2 of this French Plan. The provisions of Section 11 of the U.S. Plan permitting the grant of stock purchase rights are not applicable to grants made under this French Plan. The grant of Options is authorized under Section 5 of the U.S. Plan.

2. **Definitions**.

Capitalized terms not otherwise defined herein shall have the same meanings as set forth in the U.S. Plan. The terms set out below will have the following meanings:

(a) The term "Option" shall include both:

(i) purchase stock options (rights to acquire Shares as defined by the U.S. Plan repurchased by the Company prior to the vesting of the options); or

(ii) subscription stock options (rights to subscribe for newly issued Shares).

(b) The term "Optionee" is defined as an eligible person granted an Option pursuant to Section 3 of this French Plan.

(c) The term "Grant Date" shall be the date on which the Administrator both:

(i) designates the Optionee; and

(ii) specifies the terms and conditions of the Option, including the number of Shares and the method for determining the exercise price.

(d) The term "Closed Period" shall mean the specific periods as set forth by Section L. 225-177 of the French Commercial Code, as amended, during which French-qualifying Options cannot be granted.

(e) The term "Disability' shall mean disability as determined in categories 2 and 3 under Section L. 341-4 of the French Social Security Code and subject to fulfillment of related conditions.

(f) The term "Effective Grant Date" shall be the date on which the Option is effectively granted (*i.e.*, the date on which the condition precedent of the expiration of a Closed Period applicable to the Option, if any, is satisfied). Such condition precedent shall be satisfied when the Board, Administrator or other authorized body shall determine that the grant of Options is no longer prevented under a Closed Period. If the Grant Date does not occur within a Closed Period, or if the Closed Periods are not applicable, the "Effective Grant Date" shall be the same day as the Grant Date.

3. **Entitlement to Participate**.

(a) Any Employee who, on the Effective Grant Date of the Option, is employed under the terms and conditions of an employment contract ("contrat de travail") with a French Entity shall be eligible to receive Options under the French Plan, provided he or she also satisfies the eligibility requirements set forth in the U.S. Plan.

(b) Options may not be issued to directors of a French Entity, other than the managing directors (Président du Conseil d'Administration, Directeur Général, Directeur Général Délégué, Membre du Directoire, Gérant de Sociétés par actions), unless the director is employed by the French Entity, as defined by French law.

(c) Notwithstanding any provision of the U.S. Plan, Options may not be issued under the French Plan to Optionees owning more than ten percent (10%) of the Company's share capital or to individuals other than Employees and corporate officers of a French Entity.

4. **Conditions of the Option/Exercise Price**.

(a) Notwithstanding any provision in the U.S. Plan, the exercise price and number of underlying Shares of the Options will not be modified after the Effective Grant Date except as provided in Section 6 of this French Plan, or as otherwise authorized by French law. To the extent that modifications are not limited to those described in Section 6, such modification may result in the Option not qualifying for favorable tax and social security treatment under French law.

(b) The exercise price per Share payable pursuant to Options issued hereunder shall be fixed in accordance with Section 8 of the U.S. Plan. However, notwithstanding the above, in the event the Company's Common Stock is publicly traded, the method for determining the exercise price per Share payable pursuant to Options issued hereunder shall be fixed by the Administrator on the Effective Grant Date. The exercise price will be the higher of:

(i) with respect to purchase Options over the Shares: the higher of either 80% of the average quotation price of such Shares during the 20 days of quotation immediately preceding the Effective Grant Date or 80% of the average purchase price paid for such Shares by the Company;

(ii) with respect to subscription Options over the Shares: 80% of the average quotation price of such Shares during the 20 days of quotation immediately preceding the Effective Grant Date; and

(iii) 100% of the Fair Market Value of Shares, as determined on the Effective Grant Date.

5. **Exercise of an Option**.

(a) Exercisability.

The Options will become exercisable as set forth in the Option Agreement. However, notwithstanding the above, in the event of the death of an Optionee, all of his or her outstanding Options shall become exercisable under the conditions set forth in Section 7 of this French Plan.

(b) Payment of Exercise Price and Withholding.

Notwithstanding any provision of the U.S. Plan, upon exercise of an Option, the full exercise price will be paid either in cash, by check or by wire transfer. Under a cashless exercise program, the Optionee may give irrevocable instructions to a stockbroker to properly deliver the exercise price to the Company. No delivery of prior owned Shares having a fair market value on the date of delivery equal to the aggregate option price of the Shares may be used as consideration for exercising the Options.

(c) Optionee's Account.

The Shares acquired upon exercise of the Options will be recorded in an account in the name of the shareholder with a broker or in such other manner as the Company may otherwise determine in order to ensure compliance with applicable law.

6. **Changes in Capitalization; Change of Control**.

Notwithstanding any provision in the U.S. Plan, adjustments of the Option issued hereunder shall be made to preclude the dilution or enlargement of benefits under the Option only in the event of the occurrence of one of the events listed under Section L. 225-181 of the French Commercial Code and according to the provisions of Section L. 228-99 of the French Commercial Code, as amended, as well as according to specific decrees. Nevertheless, the Administrator may determine to make adjustments in the case of transactions for which adjustments are not authorized under French law, in which case the Options may no longer qualify for the favorable tax and social security regime. In that respect, the Administrator may at its sole discretion decide that the restriction on the sale or transfer of Shares as defined in Section 10 of this French Plan will no longer apply.

In the event of a change in capitalization or Change of Control, as set forth in Section 12 of the U.S. Plan, adjustments to the terms and conditions of the French-qualified Options or underlying Shares may be made only in accordance with the U.S. Plan and pursuant to applicable French legal and tax rules. Nevertheless, should the Administrator, at its discretion, decide to make adjustments in a manner that is not recognized as an adjustment under French law, then the Options may no longer qualify as French-qualified Options and the favorable tax and social security treatment may be lost.

7. **Death**.

In the event of the death of an Optionee, all Options held by the Optionee shall become immediately vested and exercisable and may be exercised in full by his or her heirs or the legal representative of his or her estate, only within the six-month period following the death. Any Option that remains unexercised shall expire six months following the date of the Optionee's death. The six-month exercise period will apply without regard to the term of the Option as described in Section 8 of this French Plan.

8. **Term of the Options**.

The term of the Options shall be no longer than nine years and a half (9.5) years from the Effective Grant Date or such shorter term as the Administrator may provide for, unless it is extended pursuant to the death provisions in Section 7 of this French Plan.

9. **Non-Transferability of the Options**.

Except in the case of death, Options cannot be transferred to any third party and are exercisable only by the Optionee during his or her lifetime.

10. **Restriction on Transfer of Shares**.

Notwithstanding any provision of the U.S. Plan, the Company reserves the right to restrict the sale or transfer in any manner of any Shares acquired through the exercise of an Option for a period not to exceed three years from the date the Option is exercised. Such restriction, if any, will be mentioned in the Option Agreement delivered to the Optionee or any other communication document.

11. **Buy-Out provisions**.

Notwithstanding any provision of the U.S. Plan, Buy-Out will not apply and may otherwise result in the disqualification of the Options.

12. **Disqualification of Options**.

If the Options are otherwise modified or adjusted in a manner in keeping with the terms of the U.S. Plan or as mandated as a matter of law and the modification or adjustment is contrary to the terms and conditions of this French Plan, the Options may no longer qualify as French-qualified options. If the Options no longer qualify as French-qualified options, the Administrator may, provided it is authorized to do so under the U.S. Plan, lift, shorten or terminate certain restrictions applicable to the vesting of the Options, the exercisability of the Options, or the sale of the Shares which may have been imposed under this French Plan or in the Option Agreement delivered to the Optionee.

13. **Interpretation**.

It is intended that Options granted under the French Plan shall qualify for the favorable tax and social security treatment applicable to options granted under Sections L. 225-177 to L. 225-186 of the French Commercial Code, as amended, and in accordance with the relevant provisions set forth by French tax law and the French tax administration. The terms of the French Plan shall be interpreted accordingly and in accordance with the relevant provisions set forth by French tax and social security laws and relevant Guidelines published by French tax and social security administrations and subject to the fulfilment of legal, tax and reporting obligations.

14. **Employment Rights**.

The adoption of this French Plan shall not confer upon the Optionees, or any Employees of a French Entity, any employment rights and shall not be construed as a part of any employment contracts that a French Entity has with its Employees.

15. **Amendments**.

Subject to the terms of the U.S. Plan, the Administrator reserves the right to amend or terminate the French Plan at any time.

16. **Adoption**.

The French Plan was adopted by the Administrator on January 28, 2008.

FORTINET, INC.
2008 STOCK PLAN
STOCK OPTION AGREEMENT

Unless otherwise defined herein, the terms defined in the 2008 Stock Plan (the "Plan") shall have the same defined meanings in this International Stock Option Agreement ("Option Agreement").

I. NOTICE OF STOCK OPTION GRANT

Name:
Address:
Country:

You have been granted an option to purchase shares of Common Stock of the Company, subject to the terms and conditions of the Plan and this Option Agreement, as follows:

Grant Number:
Date of Grant:
Vesting Commencement Date:
Exercise Price per share:
Total Number of Shares Granted:
Total Exercise Price:
Type of Option:
Term/Expiration Date:

Exercise and Vesting Schedule:

So long as Optionee is a Service Provider, this Option shall be exercisable in whole or in part, and shall vest according to the following vesting schedule:

Shares Vesting	**Vest Type**	**Vest Date**

Pursuant to the terms of the Plan, vesting of the Option shall be tolled during any unpaid leave of absence of the Optionee. However, this will not be applied if contrary to applicable local law.

Termination Period.

This Option may be exercised, to the extent it is then vested, for up to three months after Optionee ceases to be a Service Provider. The date of termination as a Service Provider shall not include any notice of termination period or similar period and the termination date shall be the last day of active service. Notwithstanding the foregoing, upon death or Disability of the Optionee, this Option may be exercised, to the extent it is then vested, for up to one year after Optionee ceases to be Service Provider. In no event shall this Option be exercised after the Term/Expiration Date as provided above.

II. AGREEMENT.

A. Grant of Option.

The Administrator of the Company hereby grants to the optionee (the "Optionee") named in the Notice of Grant incorporated as Part I of this Option Agreement, an option (the "Option") to purchase the number of Shares set forth in the Notice of Grant, at the exercise price per Share set forth in the Notice of Grant (the "Exercise Price"), and subject to the terms and conditions of the Plan, which is incorporated herein by reference. Subject to Section 14(c) of the Plan, in the event of a conflict between the terms and conditions of the Plan and this Option Agreement (which includes country-specific terms set forth in Exhibit A hereto), the terms and conditions of the Plan shall prevail.

B. Exercise of Option.

This Option shall be exercised during its term in accordance with the provisions of Section 9 of the Plan as follows:

1. Right to Exercise.

(i) This Option shall be exercisable cumulatively according to the vesting schedule set forth in the Notice of Grant. For purposes of this Option Agreement, Shares subject to the Option shall vest based on continued employment of Optionee with the Optionee's employer (the "Employer").

(ii) This Option may not be exercised for a fraction of a Share.

2. Method of Exercise.

This Option shall be exercisable by delivery of an exercise notice in the form attached as Exhibit B (the "Exercise Notice") which shall state the election to exercise the Option, the number of Shares with respect to which the Option is being exercised, and such other representations and agreements as may be required by the Company. The Exercise Notice shall be accompanied by payment of the aggregate Exercise Price as to all exercised Shares. This Option shall be deemed to be exercised upon receipt by the Company of such fully executed Exercise Notice accompanied by the aggregate Exercise Price.

No Shares shall be issued pursuant to the exercise of an Option unless such issuance and such exercise complies with applicable laws.

C. Optionee's Representations.

In the event the Shares have not been registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), at the time this Option is exercised, the Optionee shall, if required by the Company, concurrently with the exercise of all or any portion of this Option, deliver to the Company his or her Investment Representation Statement in the form attached hereto as Exhibit C, and shall read the applicable rules of the U.S. Commissioner of Corporations attached to such Investment Representation Statement.

D. Lock-Up Period.

Optionee hereby agrees that, if so requested by the Company or any representative of the underwriters (the "Managing Underwriter") in connection with any registration of the offering of any securities of the Company under the Securities Act, Optionee shall not sell or otherwise transfer any Shares or other securities of the Company during the 180-day period (or such other period as may be requested in writing by the Managing Underwriter and agreed to in writing by the Company) (the "Market

Standoff Period") following the effective date of a registration statement of the Company filed under the Securities Act. The Company may impose stop-transfer instructions with respect to securities subject to the foregoing restrictions until the end of such Market Standoff Period.

E. Method of Payment

1. Method of Payment.

Unless otherwise stated in Exhibit A of this Option Agreement, payment of the aggregate Exercise Price shall be by any of the following, or a combination thereof, at the election of the Optionee:

(a) cash;

(b) check;

(c) consideration received by the Company under a formal cashless exercise program adopted by the Company in connection with the Plan; or

(d) any other method authorized by the Plan, so long as the Company agrees.

F. Restrictions on Exercise.

This Option may not be exercised until such time as the Plan has been approved by the stockholders of the Company, or if the issuance of such Shares upon such exercise or the method of payment of consideration for such shares would constitute a violation of any applicable law.

G. Non-Transferability of Option.

This Option may not be transferred in any manner otherwise than by will or by the laws of descent or distribution and may be exercised during the lifetime of Optionee only by Optionee. The terms of the Plan and this Option Agreement shall be binding upon the executors, administrators, heirs, successors and assigns of the Optionee.

H. Term of Option.

This Option may be exercised only within the term set out in the Notice of Grant, and may be exercised during such term only in accordance with the Plan and the terms of this Option.

I. Entire Agreement.

The Plan is incorporated herein by reference. The Plan and this Option Agreement (including Exhibits A, B and C hereto) constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and Optionee with respect to the subject matter hereof, and may not be modified adversely to the Optionee's interest except by means of a writing signed by the Company and Optionee.

J. No Guarantee of Continued Service.

OPTIONEE ACKNOWLEDGES AND AGREES THAT THE VESTING OF THIS OPTION PURSUANT TO THE VESTING SCHEDULE HEREOF IS EARNED ONLY BY CONTINUING AS A SERVICE PROVIDER AT THE WILL OF THE EMPLOYER (NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THIS OPTION OR ACQUIRING SHARES HEREUNDER). OPTIONEE FURTHER ACKNOWLEDGES AND AGREES THAT THIS AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREUNDER AND THE VESTING SCHEDULE SET FORTH HEREIN DO NOT CONSTITUTE AN EXPRESS OR IMPLIED PROMISE OF CONTINUED ENGAGEMENT AS A SERVICE PROVIDER FOR THE VESTING PERIOD, FOR ANY PERIOD, OR AT ALL, AND SHALL NOT INTERFERE IN ANY WAY WITH OPTIONEE'S RIGHT OR THE EMPLOYER'S RIGHT TO TERMINATE

OPTIONEE'S RELATIONSHIP AS A SERVICE PROVIDER AT ANY TIME, WITH OR WITHOUT CAUSE IN ACCORDANCE WITH APPLICABLE LAWS.

K. Responsibility for Taxes.

Regardless of any action the Company or the Employer takes with respect to any or all income tax, social insurance, payroll tax, payment on account or other tax-related items related to Optionee's participation in the Plan and legally applicable to Optionee ("Tax-Related Items"), Optionee acknowledges that the ultimate liability for all Tax-Related Items is and remains his or her responsibility and may exceed the amount actually withheld by the Company. Optionee further acknowledges that the Company and/or the Employer (1) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Option grant, including, but not limited to, the grant, vesting or exercise of the Option, the issuance of Shares pursuant to the exercise of the Option, and the subsequent sale of Shares acquired pursuant to such exercise and the receipt of any dividends; and (2) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Option to reduce or eliminate Optionee's liability for Tax-Related Items or achieve any particular tax result. Further, if Optionee has become subject to tax in more than one jurisdiction between the date of grant and the date of any relevant taxable event, Optionee acknowledges that the Company may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to any relevant taxable or tax withholding event, as applicable, Optionee will pay or make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, Optionee authorizes the Company and/or the Employer, or their respective agents, to withhold all applicable Tax-Related Items by means of one or a combination of the following: (1) withholding from Optionee's wages or other cash compensation paid to Optionee by the Company; (2) withholding from proceeds of the sale of Shares acquired upon exercise of the Option either through a voluntary sale or through a mandatory sale arranged by the Company (on Optionee's behalf pursuant to this authorization); or (3) withholding in Shares to be issued upon exercise of the Option.

To avoid negative accounting treatment or for any other reason, as determined by the Company in its sole discretion, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates. If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, Optionee is deemed to have been issued the full number of Shares subject to the Option, notwithstanding that a number of the Shares is held back solely for the purpose of paying the Tax-Related Items due as a result of any aspect of Optionee's participation in the Plan.

Finally, Optionee shall pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of Optionee's participation in the Plan or Optionee's purchase of Shares that cannot be satisfied by the means previously described. The Company may refuse to honor the exercise and refuse to deliver the Shares or the proceeds of the sale of Shares, if Optionee fails to comply with Optionee's obligations in connection with the Tax-Related Items.

L. Nature of Grant.

In accepting the Option grant, Optionee acknowledges that: (1) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, unless otherwise provided in the Plan and this Option Agreement; (2) the grant of the Option is voluntary and occasional and does not create any contractual or other right to receive future grants of options, or benefits in lieu of options, even if options have been granted repeatedly in the past; (3) all decisions with respect to future option grants, if any, will be at the sole discretion of the Company; (4) Optionee's participation in the Plan shall not create a right to further employment with the Employer and shall not interfere with the ability of the Employer to terminate Optionee's employment relationship at any time; (5) Optionee is voluntarily participating in the Plan; (6) the Option and Shares subject to the Option are an extraordinary items that do not constitute compensation of any kind for

services of any kind rendered to the Company or the Employer, and which is outside the scope of Optionee's employment contract, if any; (7) the Option and the Shares subject to the Option are not intended to replace any pension rights or compensation; (8) the Option and the Shares subject to the Option are not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end of service payments, bonuses, long-service awards, pension, retirement or welfare benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Company or the Employer or any Subsidiary or affiliate of the Company; (9) the Option grant and Optionee's participation in the Plan will not be interpreted to form an employment contract or relationship with the Company, the Employer or any Subsidiary or affiliate of the Company; (10) the future value of the underlying Shares is unknown and cannot be predicted with certainty; (11) if the underlying Shares do not increase in value, the Option will have no value; (12) if Optionee exercises his or her Option and obtain Shares, the value of those Shares acquired upon exercise may increase or decrease in value, even below the Exercise Price; (13) in consideration of the grant of the Option, no claim or entitlement to compensation or damages shall arise from forfeiture of the Option resulting from termination of Optionee's employment by the Company or the Employer (for any reason whatsoever and whether or not in breach of local labor laws) and Optionee irrevocably releases the Company, the Employer and any Subsidiary and affiliate of the Company from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, Optionee shall be deemed irrevocably to have waived his or her entitlement to pursue such claim; (14) in the event of termination of Optionee's employment (whether or not in breach of local labor laws), Optionee's right to receive an Option and vest in the Option under the Plan, if any, will terminate effective as of the date that Optionee is no longer actively employed and will not be extended by any notice period mandated under local law (*e.g.*, active employment would not include a period of "garden leave" or similar period pursuant to local law); furthermore, in the event of termination of employment (whether or not in breach of local labor laws), Optionee's right to exercise the Option after termination of employment will be measured by the date of termination of Optionee's active employment and will not be extended by any notice period mandated under local law; the Plan administrator shall have the exclusive discretion to determine when Optionee is no longer actively employed for purposes of Optionee's Option grant; and (15) the Option and the benefits under the Plan, if any, will not automatically transfer to another company in the case of a merger, take-over or transfer of liability.

M. No Advice Regarding Grant.

The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Optionee's participation in the Plan, or Optionee's acquisition or sale of the underlying Shares. Optionee is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding participation in the Plan before taking any action related to the Plan.

N. *Data Privacy.*

Optionee hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Optionee's personal data as described in this document by and among, as applicable, the Employer, and the Company and its subsidiaries and affiliates for the exclusive purpose of implementing, administering and managing the Optionee's participation in the Plan.

Optionee understands that the Company and the Employer may hold certain personal information about him or her, including, but not limited to, the Optionee's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all options or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in the Optionee's favor, for the purpose of implementing, administering and managing the Plan ("Data"). Optionee understands that Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in the Optionee's country or elsewhere, and that

the recipients' country (e.g., the United States) may have different data privacy laws and protections than the Optionee's country. Optionee understand that he or she may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative. Optionee authorizes the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing his or her participation in the Plan, including any requisite transfer of such Data as may be required to a broker or other third party with whom the Optionee may elect to deposit any shares of stock acquired upon exercise of this Option. Optionee understands that Data will be held only as long as is necessary to implement, administer and manage his or her participation in the Plan. Optionee understands that he or she may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing his or her local human resources representative. Optionee understands, however, that refusing or withdrawing his or her consent may affect his or her ability to participate in the Plan. For more information on the consequences of the Optionee's refusal to consent or withdrawal of consent, Optionee understands that he or she may contact the local human resources representative.

O. Governing Law; Venue for Litigation.

This Option grant and the provisions of this Option Agreement are governed by, and subject to, the internal substantive laws but not the choice of law rules of the State of California.

For purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties evidenced by this grant or the Option Agreement, the parties hereby submit to and consent to the exclusive jurisdiction of the State of California and agree that such litigation shall be conducted only in the courts of San Mateo County, California, or the federal courts for the United States for the Northern District of California, and no other courts, where this grant is made and/or to be performed.

P. Language.

If the Optionee has received this Option Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different from the English version, the English version will control.

Q. Electronic Delivery.

The Company may, in its sole discretion, decide to deliver any documents related to this Option granted under and participation in the Plan or future options that may be granted under the Plan by electronic means or to request the Optionee's consent to participate in the Plan by electronic means. Optionee hereby consents to receive such documents by electronic delivery and, if requested, to agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

R. Severability.

The provisions of this Option Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

S. Exhibit A.

Notwithstanding any provisions in this Option Agreement, the Option grant shall be subject to any special terms and conditions set forth in the Exhibit A to this Option Agreement for Optionee's country. Moreover, if Optionee relocates to one of the countries included in the Exhibit A, the special terms and conditions for such country will apply to Optionee, to the extent the Company determines that the application of such terms and conditions is necessary or advisable in order to comply with local law or facilitate the administration of the Plan. The Exhibit A constitutes part of this Option Agreement.

T. Imposition of Other Requirements.

The Company reserves the right to impose other requirements on Optionee's participation in the Plan, on the Option and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable in order to comply with local law or facilitate the administration of the Plan, and to require Optionee to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

Optionee acknowledges receipt of a copy of the Plan and represents that he or she is familiar with the terms and provisions thereof, and hereby accepts this Option subject to all of the terms and provisions thereof. Optionee has reviewed the Plan and this Option in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Option and fully understands all provisions of this Option. Optionee hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan or this Option. Optionee further agrees to notify the Company upon any change in the residence address indicated below.

OPTIONEE:

FORTINET, INC.

Date

EXHIBIT A

FORTINET, INC.
2008 STOCK PLAN
ADDITIONAL TERMS AND CONDITIONS OF THE
STOCK OPTION AGREEMENT

This Exhibit A includes additional terms and conditions that govern the Option granted to Optionee under the Plan if he or she resides in one of the countries listed below. Certain capitalized terms used but not defined in this Exhibit A have the meanings set forth in the Plan and/or the Option Agreement.

This Exhibit A also includes information regarding exchange controls and certain other tax or legal issues of which Optionee should be aware with respect to his or her participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of January 2009. Such laws are often complex and change frequently. As a result, the Company strongly recommends that Optionee not rely on the information in this Exhibit A as the only source of information relating to the consequences of his or her participation in the Plan because the information may be out of date at the time that he or she exercises the Option or sell shares of Common Stock.

In addition, the information contained herein is general in nature and may not apply to Optionee's particular situation, and the Company is not in a position to assure him or her of a particular result. Accordingly, Optionee is advised to seek appropriate professional advice as to how the relevant laws in his or her country may apply to his or her situation.

Finally, if Optionee is a citizen or resident of a country other than the one in which he or she is currently residing, the information contained herein may not be applicable to him or her.

Australia

Securities Law Information

If Optionee acquires Shares of stock pursuant to this Option and he or she offers Shares for sale to a person or entity resident in Australia, the offer may be subject to disclosure requirements under Australian law. Optionee should obtain legal advice on his or her disclosure obligations prior to making any such offer.

Austria

Exchange Control Information

If Optionee holds Shares purchased under the Plan outside Austria (even if he or she holds them outside of Austria with an Austrian bank), Optionee understands that he or she must submit an annual report to the Austrian National Bank using the form "*Standmeldung/Wertpapiere*." An exemption applies if the value of the securities held outside Austria as of December 31 does not exceed €3,000,000 or the value of the securities as of any quarter does not exceed €30,000,000. If the former threshold is exceeded, annual reporting obligations are imposed, whereas if the latter threshold is exceeded, quarterly reports must be submitted. The annual reporting date is December 31; the deadline for filing the annual report is March 31 of the following year.

When the Shares are sold, there may be exchange control obligations if the cash received is held outside Austria as a separate reporting requirement applies to any non-Austrian cash accounts. If the transaction volume of all of my cash accounts abroad exceeds €3,000,000, the movements and the balance of all accounts must be reported monthly, as of the last day of the month, on or before the 15th day of the following month, using the form "*Meldungen SI-Forderungen und/oder SI-Verpflichtungen*." If the transaction value of all cash accounts abroad is less than €3,000,000, no ongoing reporting requirements apply.

Consumer Protection Act Information

Optionee understands that he or she may be entitled to revoke this Option Agreement on the basis of the Austrian Consumer Protection Act (the "Act") under the conditions listed below, if the Act is considered to be applicable to this Option Agreement and the Plan:

(i) If Optionee signs the Option Agreement outside the business premises of the Company, he or she may be entitled to revoke acceptance of the Option Agreement provided that the revocation is made within one week after he or she signs the Option Agreement.

(ii) The revocation must be in written form to be valid. It is sufficient if Optionee returns the Option Agreement to the Company or the Company's representative with language that can be understood as his or her refusal to honor the Option Agreement. It is sufficient if the revocation is sent within one week after Optionee signed the Option Agreement.

Belgium

Tax Considerations

The Option must be accepted in writing with the time frame set forth and explained in the separate offer letter, acceptance form and undertaking form for Optionees in Belgium. Optionee should refer to the offer letter for a more detailed description of the tax consequences of choosing to accept the Option. Optionee should also consult a personal tax advisor with respect to completing the additional forms.

Tax Reporting Information

Optionee is required to report any taxable income attributable to the Option on his or her annual tax return. Optionee is also required to report any bank accounts opened and maintained outside Belgium on his or her annual tax return.

Brazil

Compliance with Law

By accepting the Option, Optionee agrees to comply with all applicable Brazilian law and report and pay any and all applicable taxes associated with the exercise of the Option, the sale of any Shares acquired under the Plan and the receipt of any dividends.

Exchange Control Information

Optionees resident or domiciled in Brazil will be required to submit annually a declaration of assets and rights held outside of Brazil to the Central Bank of Brazil if the aggregate value of such assets and rights is equal to or greater than US$100,000. Assets and rights that must be reported include Shares acquired under the Plan.

Canada

Consent to Receive Information in English for Employees in Quebec

The parties acknowledge that it is their express wish that the Option Agreement, as well as all documents, notices and legal proceeds entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

Les parties reconnaissent avoir exigé la rédaction en anglais de cette convention, ainsi que de tous documents exécutés, avis donnés et procédures judiciaries intentées, directement ou indirectement, relativement à ou suite à la présente convention.

Involuntary Termination Terms for Option

In the event of involuntary termination of Optionee's employment (whether or not in breach of local labor laws), Optionee's right to vest in this Option, if any, will terminate effective as of the date that is the earlier of: (1) the date Optionee receives notice of termination of employment from the Employer, or (2) the date Optionee is no longer actively employed by the Employer regardless of any notice period or period of pay in lieu of such notice required under local law (including, but not limited to, statutory law, regulatory law and/or common law); the Plan administrator shall have the exclusive discretion to determine when Optionee is no longer actively employed for purposes of this Option.

Method of Payment

Notwithstanding Section E of the Option Agreement or any provision of the Plan to the contrary, Optionee will not be permitted to pay the Exercise Price by tendering Shares already owned by him or her.

Data Privacy Notice and Consent

This section supplements Section N of the Option Agreement:

Optionee hereby authorizes the Company and the Company's representatives to discuss and obtain all relevant information from all personnel, professional or non-professional, involved in the administration of the Plan. Optionee further authorizes the Employer, the Company, and its Subsidiaries and affiliates to disclose and discuss such information with their advisors. Optionee also authorizes the Employer, Company and its Subsidiaries and affiliates to record such information and to keep such information in the Optionee's employee file.

China

Method of Payment

Notwithstanding Section E of the Option Agreement, due to stringent exchange controls and securities restrictions in China, when Optionee exercises the Option, Optionee must use a "cashless sell-all" exercise pursuant to which he or she delivers irrevocable instructions to the broker to sell all Shares Optionee is entitled to at exercise and remit the proceeds from sale less any Tax-Related Items and brokerage fees to Optionee in cash. The Company reserves the right to provide Optionee with additional methods of paying the Exercise Price depending upon the development of local laws.

Because this exercise method requires Shares to be sold, exercises will not be permitted until the Company's Shares become publicly traded on a regulated U.S. stock exchange.

FOR CLARITY, NOTE THAT, FOR OPTIONEES RESIDENT IN CHINA, THE REQUIREMENT IN THIS SECTION MAY RESULT IN FOREFEITURE AND CANCELLATION OF SUCH OPTIONEE'S VESTED STOCK OPTIONS. BY WAY OF EXAMPLE ONLY AND WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, IF AN OPTIONEE RESIDENT IN CHINA TERMINATES AS A SERVICE PROVIDER AND THE OPTIONEE CANNOT SELL THE SHARES UNDERLYING HIS OR HER OPTION DURING THE THREE MONTH POST TERMINATION EXERCISE PERIOD FOR ANY REASON, INCLUDING, AMONG OTHERS, THE COMPANY'S SHARES NOT TRADING ON A REGULATED STOCK EXCHANGE, THEN SUCH OPTIONEE SHALL NOT BE ENTITLED TO EXERCISE EVEN HIS OR HER VESTED OPTIONS AND SUCH OPTIONEE'S VESTED AND UNVESTED OPTIONS SHALL BE FOREFEITED AND CANCELLED AT THE END OF SUCH THREE MONTH PERIOD. NOTE FURTHER THAT THE REQUIREMENTS, LIMITATIONS AND RESTRICTIONS IN THIS SECTION APPLY TO THIS CURRENT STOCK OPTION GRANT AND TO ALL PREVIOUS AND FUTURE STOCK OPTION GRANTS, AND OPTIONEE ACKNOWLEDGES AND AGREES TO THIS

Exchange Control Information for Optionees who are Chinese Nationals

Optionee understands and agrees that, due to exchange control laws in China, Optionee may be required to immediately repatriate the proceeds from the cashless exercise to China. Optionee further understands that such repatriation of the proceeds may need to be effected through a special exchange control account established by the Employer, the Company or any of its Subsidiaries or affiliates in China and Optionee hereby consents and agrees that the proceeds from the cashless exercise may be transferred to such special account prior to being delivered to Optionee's personal account.

Egypt

Exchange Control Information

If Optionee transfers funds into or out of Egypt in connection with the exercise of the Option, he or she is required to transfer the funds through a registered bank in Egypt.

Finland

There are no country specific provisions.

Germany

Exchange Control Information

Cross-border payments in excess of €12,500 must be reported monthly. If Optionee uses a German bank to effect a cross-border payment in excess of €12,500 in connection with the exercise of this Option or sale of securities or the payment of dividends related to certain securities, the bank will make the report. In this case, Optionee will not have to report the transaction. In addition, Optionee must report any receivables or payables or debts in foreign currency exceeding an amount of approximately €5,000,000 on a monthly basis. Finally, Optionee must report on an annual basis, Shares holding exceeding 10% of the total voting capital of Fortinet.

Hong Kong

Securities Law Information

The grant of the Option and the Shares issued pursuant to such exercise do not constitute a public offer of securities under Hong Kong law and are available only to employees of the Company or its Subsidiaries or affiliates participating in the Plan.

Please note that the Notice of Grant, Option Agreement, this Exhibit A, the Plan and any other Option grant documents have not been reviewed by any regulatory authority in Hong Kong. Optionee is cautioned to review the documents related to the Option carefully as it may not include the same information as an offer made by a Hong Kong issuer. If Optionee is in any doubt about the contents of the Notice of Grant, the Option Agreement, this Exhibit A, the Plan and any other Option grant documents, Optionee should obtain independent legal advice.

India

Method of Payment

Notwithstanding Section E of the Option Agreement, due to exchange control laws that are currently in effect in India, Optionee will not be permitted to engage in a “sell to cover” exercise whereby a portion of Shares to cover the Exercise Price, any withholdings and brokerage fees are sold and the proceeds are settled in Shares.

Fringe Benefits Tax

In accepting the grant of the Option and participating in the Plan, Optionee consents and agrees to assume any and all liability for fringe benefit tax that may be payable by the Company and/or the Employer in connection with the Option. Optionee further understands that the grant of the Option and participation in the Plan is contingent upon Optionee’s agreement to assume liability for fringe benefit tax payable on the Option. The amount subject to fringe benefits tax is the spread at vesting. The rate is currently 33.99%, but could change prior to the time Optionee exercises the Option.

Further, in accepting the grant of the Option and participating in the Plan, Optionee agrees that the Company and/or the Employer may collect the fringe benefit tax from Optionee by any of the means set forth in Section K “Responsibility for Taxes” of the Option Agreement or any other reasonable method established by the Company. Optionee also agrees to execute any other consents or elections required to accomplish the foregoing, promptly upon request by the Company.

Exchange Control Information

Optionee should be aware that if Optionee remits funds outside of India to purchase Shares, it is Optionee’s responsibility to comply with the exchange controls in India. Proceeds from the sale of Shares must be repatriated to India within 90 days of receipt. Optionee should obtain a foreign inward remittance certificate from the bank for Optionee’s records to document compliance with this requirement and submit a copy of the foreign inward remittance certificate to the Employer.

Indonesia

Securities Law Notice

Notwithstanding Section E of the Option Agreement, due to stringent restrictions in Indonesia, when Optionee exercises the Option, Optionee must use a "cashless sell-all" exercise pursuant to which he or she delivers irrevocable instructions to the broker to sell all Shares Optionee is entitled to at exercise and remit the proceeds from sale less any Tax-Related Items and brokerage fees to Optionee in cash. The Company reserves the right to provide Optionee with additional methods of paying the Exercise Price depending upon the development of local laws.

Because this exercise method requires Shares to be sold, exercises will not be permitted until the Company's Shares become publicly traded on a regulated U.S. stock exchange.

Exchange Control Information

For foreign currency transactions, there is a statistical reporting requirement when the Indonesian Bank is receiving Rupiah or foreign currency. For transactions of US$10,000 or more, a description of the transaction must be included in the report filed by the bank executing the transaction, and Optionee must complete the Transfer Report Form provided by the bank. For transactions of less than US$10,000, the bank through which the transaction is conducted is only required to submit a report which consists of the type of account and the type of foreign exchange. In addition, if Optionee carries Rupiah (in cash) equal or greater than IDR 100 million out of the customs area of Indonesia (which is unlikely in the context of Optionee's participation in the Plan), Optionee will be required to obtain approval from the Bank of Indonesia.

Israel

Method of Payment

Notwithstanding Section E of the Option Agreement, due to tax rules in Israel, when Optionee exercises the Option, Optionee must use a "cashless sell-all" exercise pursuant to which he or she delivers irrevocable instructions to the broker to sell all Shares Optionee is entitled to at exercise and remit the proceeds from sale less any Tax-Related Items and brokerage fees to Optionee in cash. Optionee will not be permitted to receive and hold any Shares in connection with the exercise of the Option. The Company reserves the right to provide Optionee with additional methods of paying the aggregate Exercise Price depending upon the development of local laws.

Because this exercise method requires Shares to be sold, exercises will not be permitted until the Company's Shares become publicly traded on a regulated U.S. stock exchange.

Italy

Method of Payment

Notwithstanding Section E of the Option Agreement, due to securities restrictions in Italy, when Optionee exercises the Option, Optionee must use a "cashless sell-all" exercise pursuant to which he or she delivers irrevocable instructions to the broker to sell all Shares Optionee is entitled to at exercise and remit the proceeds from sale less any Tax-Related Items and brokerage fees to Optionee in cash. Optionee will not be permitted to receive and hold any Shares in connection with the exercise of the Option. The Company reserves the right to provide Optionee with additional methods of paying the aggregate Exercise Price depending upon the development of local laws.

Because this exercise method requires Shares to be sold, exercises will not be permitted until the Company's Shares become publicly traded on a regulated U.S. stock exchange.

Data Privacy Consent.

The following provision replaces Section N of the Option Agreement:

Optionee hereby explicitly and unambiguously consent to the collection, use, processing and transfer, in electronic or other form, of Optionee's personal data as described herein by and among, as applicable, the Employer, the Company and its Subsidiaries or affiliates for the exclusive purpose of implementing, administering, and managing Optionee's participation in the Plan.

Optionee understands that his or her Employer, the Company and its Subsidiaries or affiliates may hold certain personal information about Optionee, including, but not limited to, Optionee's name, home address and telephone number, date of birth, social insurance (to the extent permitted under Italian law) or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company or its Subsidiaries or affiliates, details of all Options granted, or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in Optionee's favor, for the exclusive purpose of implementing, managing and administering the Plan ("Data").

Optionee also understands that providing the Company with Data is necessary for the performance of the Plan and that Optionee's refusal to provide such Data would make it impossible for the Company to perform its contractual obligations and may affect Optionee's ability to participate in the Plan. The Controller of personal data processing is Fortinet, Inc., with registered offices at 1090 Kifer Road, Sunnyvale, CA 94086, U.S.A., and, pursuant to Legislative Decree no. 196/2003, its Representative in Italy for privacy purposes is Fortinet Italy, S.r.L, with registered offices at 4 Place de la Defense, 92974 Paris La Défense Cedex France. Optionee understands that Data will not be publicized, but it may be transferred to banks, other financial institutions, or brokers involved in the management and administration of the Plan. Optionee understands that Data may also be transferred to the independent registered public accounting firm engaged by the Company. Optionee further understands that the Employer, the Company and/or any of its Subsidiaries or affiliates will transfer Data among themselves as necessary for the purpose of implementing, administering and managing Optionee's participation in the Plan, and that the Company and/or any Subsidiary or affiliate may each further transfer Data to third parties assisting the Company in the implementation, administration, and management of the Plan, including any requisite transfer of Data to a broker or other third party with whom Optionee may elect to deposit any Shares acquired under the Plan. Such recipients may receive, possess, use, retain, and transfer Data in electronic or other form, for the purposes of implementing, administering, and managing Optionee's participation in the Plan. Optionee understands that these recipients may be located in the European Economic Area or elsewhere, such as the United States. Should the Company exercise its discretion in suspending all necessary legal obligations connected with the management and administration of the Plan, it will delete Data as soon as it has completed all the necessary legal obligations connected with the management and administration of the Plan.

Optionee understands that Data processing related to the purposes specified above shall take place under automated or non-automated conditions, anonymously when possible, that comply with the purposes for which Data is collected and with confidentiality and security provisions, as set forth by applicable laws and regulations, with specific reference to Legislative Decree no. 196/2003.

The processing activity, including communication, the transfer of Data abroad, including outside of the European Economic Area, as herein specified and pursuant to applicable laws and regulations, does not require Optionee's consent thereto, as the processing is necessary to performance of contractual obligations related to implementation, administration, and management of the Plan. Optionee understands that, pursuant to Section 7 of the Legislative Decree no. 196/2003, Optionee has the right to, including but not limited to, access, delete, update, correct, or terminate, for legitimate reason, the Data processing.

Furthermore, Optionee is aware that Data will not be used for direct-marketing purposes. In addition, Data provided can be reviewed and questions or complaints can be addressed by contacting Optionee's local human resources representative.

Acknowledgement

Optionee acknowledges that Optionee has read and specifically and expressly approves the following paragraphs of the Option Agreement: Entire Agreement, Responsibility for Taxes, Nature of Grant,

Governing Law/Venue for Litigation, Language, Electronic Delivery, Severability, Imposition of Other Requirements and the Data Privacy paragraphs.

Exchange Control Information.

Optionee must report in his or her annual tax return: (i) any transfers of cash or Shares to or from Italy exceeding €10,000 or the equivalent amount in U.S. dollars; and (ii) any foreign investments or investments (including proceeds from the sale of Shares acquired under the Plan) held outside of Italy exceeding €10,000 or the equivalent amount in U.S. dollars, if the investment may give rise to income in Italy. The reporting must be done on Optionee's individual income tax return. Optionee is exempt from the formalities in (i) if the investments are made through an authorized broker resident in Italy, as the broker will comply with the reporting obligation on Optionee's behalf.

Japan

No country-specific provisions.

Korea

Exchange Control Information

If Optionee remits funds out of Korea to pay the Exercise Price at exercise of the Option, such remittance must be "confirmed" by a foreign exchange bank in Korea. This is an automatic procedure, *i.e.*, the bank does not need to "approve" the remittance, and it should take no more than a single day to process. The following supporting documents evidencing the nature of the remittance must be submitted to the bank together with the confirmation application: (i) the Notice of Grant and Option Agreement; (ii) the Plan; (iii) a document evidencing the type of shares to be acquired and the amount (*e.g.*, the award certificate); and (iv) Optionee's certificate of employment. This confirmation is not necessary for cashless exercises because no funds are remitted out of Korea.

Additionally, exchange control laws require Korean residents who realize US$500,000 or more from the sale of shares to repatriate the proceeds to Korea within 18 months of the sale.

Malaysia

Director Notification Requirements

If Optionee is a director of a Malaysian affiliate of the Company, Optionee is subject to certain notification requirements under the Malaysian Companies Act. Among these requirements is an obligation to notify the Malaysian affiliate in writing when Optionee receives or disposes of an interest (*e.g.*, Options, Shares) in the Company or any related company (including when Optionee sells Shares acquired pursuant to the exercise of the Option). These notifications must be made within fourteen days of receiving or disposing of any interest in the Company or any related company.

Insider Trading Information

Optionee should be aware of the Malaysian insider-trading rules, which may impact Optionee's acquisition or disposal of Shares acquired from the exercise of the Option. Under the Malaysian insider-trading rules, Optionee is prohibited from acquiring or selling Shares or rights to Shares (*e.g.*, Options) when Optionee is in possession of information, which is not generally available and which Optionee know or should know will have a material effect on the price of Shares once such information is generally available.

Mexico

Labor Law Policy and Acknowledgment

In accepting the grant of the Option, Optionee expressly recognizes that Fortinet, Inc., with registered offices at 1090 Kifer Road, Sunnyvale, CA 94086, U.S.A, is solely responsible for the administration of the Plan and that Optionee's participation in the Plan and acquisition of Shares do not constitute an employment relationship between Optionee and Fortinet, Inc. since Optionee is participating in the Plan on a wholly commercial basis and his or her sole Employer is Fortinet, Inc., located at Rodriguez Saro #615, Col. Del Valle, C.P. 03100, Mexico DF. Based on the foregoing, Optionee expressly recognizes that the Plan and the benefits that he or she may derive from participating in the Plan do not establish any rights between Optionee and the Employer, Fortinet, Inc., and do not form part of the employment conditions

and/or benefits provided by Fortinet, Inc., and any modification of the Plan or its termination shall not constitute a change or impairment of the terms and conditions of Optionee's employment.

Optionee further understands that his or her participation in the Plan is as a result of a unilateral and discretionary decision of Fortinet, Inc.; therefore, Fortinet, Inc. reserves the absolute right to amend and/or discontinue Optionee's participation at any time without any liability to Optionee.

Finally, Optionee hereby declares that he or she does not reserve to himself or herself any action or right to bring any claim against Fortinet, Inc. for any compensation or damages regarding any provision of the Plan or the benefits derived under the Plan, and Optionee therefore grants a full and broad release to Fortinet, Inc., its affiliates, branches, representation offices, its shareholders, officers, agents, or legal representatives with respect to any claim that may arise.

Política Laboral y Reconocimiento/Aceptación

Al aceptar el otorgamiento de la Opción de Compra de Acciones, el Optionee expresamente reconoce que Fortinet, Inc., con domicilio registrado ubicado en Sunnyvale, CA, U.S.A., es la única responsable por la administración del Plan y que la participación del Optioneee en el Plan y en su caso la adquisición de las Opciones de Compra de Acciones o Acciones no constituyen ni podrán interpretarse como una relación de trabajo entre el Optioneee y Fortinet, Inc., ya que el Optioneee participa en el Plan en un marco totalmente comercial y su único Patrón lo es Fortinet, Inc. con domicilio en Rodriguez Saro #615, Col. Del Valle, C.P. 03100, Mexico DF, Mexico. Derivado de lo anterior, el Optioneee expresamente reconoce que el Plan y los beneficios que pudieran derivar de la participación en el Plan no establecen derecho alguno entre el Optioneee y el Patrón, Fortinet, Inc. y no forma parte de las condiciones de trabajo y/o las prestaciones otorgadas por Fortinet, Inc. y que cualquier modificación al Plan o su terminación no constituye un cambio o impedimento de los términos y condiciones de la relación de trabajo del Optioneee.

Asimismo, el Optioneee reconoce que su participación en el Plan es resultado de una decisión unilateral y discrecional de Fortinet, Inc.; por lo tanto, Fortinet, Inc. se reserva el absoluto derecho de modificar y/o terminar la participación del Optioneee en cualquier momento y sin responsabilidad alguna frente el Optioneee.

Finalmente, el Optioneee por este medio declara que no se reserve derecho o acción alguna que ejercitar en contra de Fortinet, Inc. por cualquier compensación o daño en relación con las disposiciones del Plan o de los beneficios derivados del Plan y por lo tanto, el Optioneee otorga el más amplio finiquito que en derecho proceda a Fortinet, Inc., sus afiliadas, subsidiarias, oficinas de representación, sus accionistas, funcionarios, agentes o representantes legales en relación con cualquier demanda que pudiera surgir.

Netherlands

Insider Trading Information

Optionee should be aware of Dutch insider trading rules which may impact the sale of Shares acquired under the Plan. In particular, Optionee may be prohibited from effecting certain transactions if he or she has insider information regarding the Company.

By accepting the grant of the Option and participating in the Plan, Optionee acknowledges having read and understood this Securities Law Information and further acknowledges that it is Optionee's responsibility to comply with the following Dutch insider trading rules.

Under Article 46 of the Act on the Supervision of the Securities Trade 1995, anyone who has "insider information" related to an issuing company is prohibited from effectuating a transaction in securities in or from the Netherlands. "Inside information" is defined as knowledge of details concerning the issuing company to which the securities relate that is not public and which, if published, would reasonably be expected to affect the stock price, regardless of the development of the price. The insider could be any employee of the Company or a subsidiary or affiliate in the Netherlands who has inside information as described herein.

Given the broad scope of the definition of inside information, certain employees of the Company working at a subsidiary or affiliate in the Netherlands (including an Optionee in the Plan) may have inside information and, thus, would be prohibited from effectuating a transaction in securities in the Netherlands

at a time when Optionee had such inside information. If Optionee is uncertain whether the insider trading rules apply to him or her, Optionee should consult with his or her personal legal advisor.

New Zealand

No country-specific provisions.

Philippines

No country-specific provisions.

Poland

Exchange Control Information

It is no longer necessary to obtain a foreign exchange permit to participate in the Plan. However, if Optionee transfers more than €15,000 out of Poland in connection with the exercise of an Option, Optionee must transfer the funds via a bank account. Please note that if Optionee uses a cashless method of exercise, this requirement will not apply because no funds will be transferred out of Poland. If Optionee acquires Shares through participation in the Plan, Optionee must file an annual report with the National Bank of Poland declaring ownership of foreign shares. This report is filed on a special form available on the website of the National Bank of Poland.

Singapore

Securities Law Information

The grant of the Option is being made in reliance on Section 273(1)(f) of the Securities and Futures Act (Cap. 289) ("SFA"), under which it is exempt from the prospectus and registration requirements under the SFA.

Director Reporting Requirements

If Optionee is a director, associate director or shadow director of a Singapore affiliate of the Company, Optionee is subject to certain notification requirements under the Singapore Companies Act. Directors must notify the Singapore Subsidiary in writing of an interest (*e.g.*, Options, Shares) in the Company or any related companies within two days of (i) its acquisition or disposal, (ii) any change in a previously disclosed interest (*e.g.*, when the Option is exercised), or (iii) becoming a director.

Spain

Labor Law Acknowledgment

This section supplements Section L of the Option Agreement:

In accepting the Option, Optionee acknowledges that he or she consents to participation in the Plan and has received a copy of the Plan.

The Optionee understands that the Company has unilaterally, gratuitously and discretionally decided to grant options under the Plan to individuals who may be employees of the Company or its Subsidiaries or affiliates throughout the world. The decision is a limited decision that is entered into upon the express assumption and condition that any grant will not economically or otherwise bind the Company or any of its Subsidiaries or affiliates on an ongoing basis. Consequently, Optionee understands that the Option is granted on the assumption and condition that the Option or the Shares acquired upon exercise shall not become a part of any employment contract (either with the Company or any of its Subsidiaries) and shall not be considered a mandatory benefit, salary for any purposes (including severance compensation) or any other right whatsoever. In addition, Optionee understands that this grant would not be made to the Optionee but for the assumptions and conditions referred to above; thus, the Optionee acknowledges and freely accepts that should any or all of the assumptions be mistaken or should any of the conditions not be met for any reason, then any grant of options shall be null and void.

Exchange Control Information

It is Optionee's responsibility to comply with exchange control regulations in Spain. The purchase of Shares must be declared by the purchaser for statistical purposes to the Spanish *Direccion General de*

Política Comercial y de Inversiones Extranjeras (the "DGPCIE"), of the *Ministerio de Economia*. If Optionee purchases the Shares through the use of a Spanish financial institution, that institution will automatically make the declaration to the DGPCIE for Optionee. Otherwise, Optionee must make the declaration by filing the appropriate form with the DGPCIE. In addition, Optionee must also file a declaration of the ownership of the securities with the Directorate of Foreign Transactions each January while the Shares are owned.

When receiving foreign currency payments derived from the ownership of Shares (*i.e.*, as a result of the sale of the Shares), Optionee must inform the financial institution receiving the payment, the basis upon which such payment is made. Optionee will need to provide the institution with the following information: (i) Optionee's name, address, and fiscal identification number; (ii) the name and corporate domicile of the Company; (iii) the amount of the payment; (iv) the currency used; (v) the country of origin; (vi) the reasons for the payment; and (vii) any additional information that may be required.

If Optionee wishes to import the ownership title of the Shares (*i.e.*, share certificates) into Spain, Optionee must declare the importation of such securities to the DGPCIE.

Sweden

No country-specific provisions.

Switzerland

Securities Law Information

Optionee acknowledges that the offer to participate in the Plan is considered a private offering in Switzerland and is therefore not subject to registration in Switzerland.

Taiwan

Securities Law Information

This offer of Options and the Shares to be issued pursuant to the Plan is available only for employees of the Company and its Subsidiaries. It is not a public offer of securities by a Taiwanese company; therefore, it is exempt from registration in Taiwan.

Exchange Control Information

Optionee may acquire foreign currency, and remit the same out of Taiwan, up to US$5 million per year without justification. When remitting funds for the purchase of Shares pursuant to the Plan, such remittances should be made through an authorized foreign exchange bank. In addition, if Optionee remits TWD$500,000 or more in a single transaction, Optionee must submit a Foreign Exchange Transaction Form to the remitting bank. If the transaction amount is US$500,000 or more in a single transaction, Optionee must also provide supporting documentation to the satisfaction of the remitting bank.

Thailand

Exchange Control Information

It is Optionee's responsibility to comply with all exchange control regulations in Thailand. If Optionee exercises the Option with cash, Optionee may apply directly to a commercial bank in Thailand for approval to remit up to US$1,000,000 per year for the purchase of Shares. If Optionee exercises the Option by way of a cashless method of exercise, no application to a commercial bank is required. In addition, Optionee is required to immediately repatriate the proceeds from the sale of the Shares acquired pursuant to the exercise of the Option to Thailand. Within the next 360 days after the repatriation date, Optionee must deposit the sale proceeds into a foreign currency deposit account or convert them to local currency. If the amount of such sale proceeds is equal to or greater than US$20,000, Optionee must specifically report the inward remittance to the Bank of Thailand on a Foreign Exchange Transaction Form through the bank at which Optionee deposits or converts the sale proceeds.

Turkey

Exchange Control Information

Exchange control regulations require Turkish residents to buy Shares through intermediary financial institutions that are approved under the Capital Market Law (*i.e.*, banks licensed in Turkey). Therefore, if Optionee uses cash to exercise Options, the funds must be remitted through a bank or other financial institution licensed in Turkey. A wire transfer of funds by a Turkish bank will satisfy this requirement. This requirement does not apply to cashless exercises, as no funds leave Turkey.

United Kingdom

Joint Election

As a condition of participation in the Plan and the exercise of the Option, Optionee agrees to accept any liability for secondary Class 1 national insurance contributions which may be payable by the Company and/or the Employer in connection with the Option and any event giving rise to Tax-Related Items (the "Employer NICs"). Without prejudice to the foregoing, Optionee agrees to execute a joint election with the Company, the form of such joint election being formally approved by Her Majesty's Revenue & Customs ("HMRC") (the "Joint Election"), and any other required consent or election. Optionee further agrees to execute such other joint elections as may be required between him or her and any successor to the Company and/or the Employer. Optionee further agrees that the Company and/or the Employer may collect the Employer NICs from him or her by any of the means set forth in Section K of the Option Agreement.

If Optionee does not enter into a Joint Election prior to exercise of the Option, he or she will not be entitled to exercise the Option unless and until he or she enters into a Joint Election and no Shares will be issued to Optionee under the Plan, without any liability to the Company and/or the Employer.

Tax Obligations/Withholding Authorization

This section supplements Section K of the Option Agreement.

If payment or withholding of the Tax-Related Items (including the Employer NICs) is not made within ninety (90) days of the event giving rise to the Tax-Related Items or such other period specified in Section 222(1)(c) of the U.K. Income Tax (Earnings and Pensions) Act 2003 (the "Due Date"), the amount of any uncollected Tax-Related Items shall constitute a loan owed by Optionee to the Employer, effective as of the Due Date. Optionee agrees that the loan will bear interest at the then-current official rate of HMRC, it shall be immediately due and repayable, and the Company or the Employer may recover it at any time thereafter by any of the means referred to in Section K of the Option Agreement. Notwithstanding the foregoing, if Optionee is a director or executive officer of the Company (within the meaning of Section 13(k) of the U.S. Securities and Exchange Act of 1934, as amended), he or she shall not be eligible for a loan from the Company to cover the Tax-Related Items. In the event that Optionee is a director or executive officer and Tax-Related Items are not collected from or paid by him or her by the Due Date, the amount of any uncollected Tax-Related Items will constitute a benefit to Optionee on which additional income tax and NICs (including the Employer NICs) will be payable. Optionee will be responsible for reporting any income tax and NICs (including the Employer NICs) due on this additional benefit directly to HMRC under the self-assessment regime.

In addition, the Optionee agrees that the Company and/or the Employer may calculate the Tax-Related Items to be withheld and accounted for by reference to the maximum applicable rates, without prejudice to any right the Optionee may have to recover any overpayment from the relevant tax authorities.

United Arab Emirates

Securities Law Information

The Plan is only being offered to eligible employees and is in the nature of providing equity incentives to eligible employees of the Company's Subsidiary in the United Arab Emirates.

United States

Tax Information

Optionee's Option is a U.S. Nonstatutory Stock Option ("NSO").

Set forth below is a brief summary as of January 2009 of some of the U.S. federal tax consequences of exercise of this Option and disposition of the Shares. THIS SUMMARY IS NECESSARILY INCOMPLETE, AND THE TAX LAWS AND REGULATIONS ARE SUBJECT TO CHANGE. THE OPTIONEE SHOULD CONSULT A TAX ADVISOR BEFORE EXERCISING THIS OPTION OR DISPOSING OF THE SHARES. This summary does not include any state income tax or other tax information besides U.S. federal tax information.

Exercise of Nonstatutory Stock Option

There may be a federal income tax liability upon the exercise of a Nonstatutory Stock Option. The Optionee will be treated as having received compensation income (taxable at ordinary income tax rates) equal to the excess, if any, of the Fair Market Value of the Shares on the date of exercise over the Exercise Price. If Optionee is an Employee or a former Employee, the Company will be required to withhold from Optionee's compensation or collect from Optionee and pay to the applicable taxing authorities an amount in cash equal to a percentage of this compensation income at the time of exercise, and may refuse to honor the exercise and refuse to deliver Shares if such withholding amounts are not delivered at the time of exercise. Optionee will be responsible for the difference (if any) between his or her actual tax liability and the amount withheld.

Disposition of Shares

In the case of an NSO, if Shares are held for at least one year, any gain realized on disposition of the Shares will be treated as long-term capital gain for federal income tax purposes. If Shares are held for less than one year, any gain realized on disposition of the Shares will be treated as a long-term capital gain for federal income tax purposes. The Company will not withhold or report any capital gain Optionee realizes; it is Optionee's responsibility to report and pay any taxes due when Optionee sells Shares.

FORTINET, INC.
2008 STOCK PLAN
STOCK OPTION AGREEMENT
FOR OPTIONEES IN FRANCE

Unless otherwise defined herein, the terms defined in the 2008 Stock Plan (the "U.S. Plan") and the Rules for the Grant of Stock Options to Optionees in France (the "French Plan" and in conjunction with the U.S. Plan, the "Plan") shall have the same defined meanings in this Stock Option Agreement for Optionees in France ("Option Agreement"). To the extent that any term is defined in both the U.S. Plan and the French Plan, for purposes of this grant of a French-qualified Option, the definitions in the French Plan shall prevail.

I. NOTICE OF STOCK OPTION GRANT

Name:
Address:
Country:

You have been granted an option to purchase Common Stock of the Company, subject to the terms and conditions of the Plan and this Option Agreement, as follows:

Grant Number:
Date of Grant:
Vesting Commencement Date:
Exercise Price per share:
Total Number of Shares Granted:
Total Exercise Price:
Type of Option: U.S. Nonstatutory Option complying with the terms of the French Plan which apply to the grant of French-qualified Options
Term/Expiration Date:

Sale Restriction: The Shares issued upon exercise of this Option may not be sold or otherwise transferred until the fourth (4th) anniversary of the Effective Grant Date (with a maximum restriction on sale of three (3) years from the date the Option is exercised) or such other date as may be required to comply with the applicable holding period for French-qualified Options, except as set out in Termination Period provision below or as otherwise permitted under French law.

Exercise and Vesting Schedule:

So long as Optionee is an Employee or corporate officer of the Company or any Parent or Subsidiary, this Option shall be exercisable in whole or in part, and shall vest according to the following vesting schedule, subject to Optionee's continuing to be an Employee or a corporate officer of the Company or any Parent or Subsidiary:

Shares Vesting	**Vest Type**	**Vest Date**

Regardless of any provisions to the contrary in this Agreement or in the Plan, no Shares subject to the Option shall vest until the first anniversary date of the Effective Grant Date (the "Anniversary Date") except in the event of death of Optionee.

Pursuant to the terms of the Plan, vesting of the Option shall be tolled during any unpaid leave of absence of the Optionee. However, this will not be applied if contrary to applicable local law.

Termination Period.

This Option may be exercised, to the extent it is then vested, for up to three months after Optionee ceases to be an Employee or a corporate officer of the Company or any Parent or Subsidiary. The restriction on the sale of Shares described in Section G of this Option Agreement will continue to apply even in case of termination of the Optionee unless the termination is due to dismissal or forced retirement according to the conditions of Section 91 ter of the Annex II of the French tax Code and as construed by the applicable guidelines. Notwithstanding the foregoing, upon death of the Optionee, this Option may be exercised, in accordance with Section 7 of the French Plan. In the event Optionee ceases to be an Employee or a corporate officer of the Company or any Parent or Subsidiary by reason of Disability (as defined under the French Plan), this Option may be exercised, to the extent it is then vested, for up to one year after Optionee ceases to be an Employee or a corporate officer. Further, should Optionee cease to be an Employee or a corporate officer of the Company or any Parent or Subsidiary by reason of death or Disability (as defined under the French Plan), the restriction on the sale of Shares described in Section G of the Option Agreement, will not apply to the Shares acquired upon exercise of the Option, provided all required conditions are satisfied. In no event shall this Option be exercised after the Term/Expiration Date as provided above, except in the event of Optionee's death.

II. AGREEMENT.

A. Grant of Option.

The Administrator of the Company hereby grants to the optionee (the "Optionee") named in the Notice of Grant incorporated as Part I of this Option Agreement, as of the Effective Grant Date, an option (the "Option") to purchase the number of Shares set forth in the Notice of Grant, at the exercise price per Share set forth in the Notice of Grant (the "Exercise Price"), and subject to the terms and conditions of the Plan (including the French Plan), which is incorporated herein by reference. Subject to Section 14(c) of the Plan, in the event of a conflict between the terms and conditions of the Plan and this Option Agreement, the terms and conditions of the Plan shall prevail. Optionee understands and agrees that the Option is offered subject to and in accordance with the terms of the Plan (which includes the U.S. Plan and the French Plan). Optionee further agrees to be bound by the terms of the Plan and the terms of the Option as set forth in this Option Agreement.

This Option is intended to be a French-qualified Option that qualifies for the favorable tax and social security regime in France, as set forth in the French Plan. Certain events may affect the status of the Option as a French-qualified Option and the Option may be disqualified in the future. The Company does not make any undertaking or representation to maintain the qualified status of the French-qualified Option during the life of the Option, and the Optionee will not be entitled to any damages if the Option no longer qualifies as a French-qualified Option.

B. Exercise of Option.

This Option shall be exercised during its term in accordance with the provisions of Section 5 of the French Plan as follows:

1. Right to Exercise.

(i) This Option shall be exercisable cumulatively according to the vesting schedule set forth in the Notice of Grant. For purposes of this Option Agreement, Shares subject to the Option shall vest based on continued employment of Optionee with the Optionee's employer (the "Employer").

(ii) This Option may not be exercised for a fraction of a Share.

2. Method of Exercise.

This Option shall be exercisable by delivery of an exercise notice in the form attached as Exhibit A (the "Exercise Notice") which shall state the election to exercise the Option, the number of Shares with respect to which the Option is being exercised, and such other representations and agreements as may be required by the Company. The Exercise Notice shall be accompanied by payment of the aggregate Exercise Price as to all exercised Shares. This Option shall be deemed to be exercised upon receipt by the Company of such fully executed Exercise Notice accompanied by the aggregate Exercise Price.

No Shares shall be issued pursuant to the exercise of an Option unless such issuance and such exercise complies with applicable laws.

C. Optionee's Representations.

In the event the Shares have not been registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), at the time this Option is exercised, the Optionee shall, if required by the Company, concurrently with the exercise of all or any portion of this Option, deliver to the Company his or her Investment Representation Statement in the form attached hereto as Exhibit C, and shall read the applicable rules of the U.S. Commissioner of Corporations attached to such Investment Representation Statement.

D. Lock-Up Period.

Optionee hereby agrees that, if so requested by the Company or any representative of the underwriters (the "Managing Underwriter") in connection with any registration of the offering of any securities of the Company under the Securities Act, Optionee shall not sell or otherwise transfer any Shares or other securities of the Company during the 180-day period (or such other period as may be requested in writing by the Managing Underwriter and agreed to in writing by the Company) (the "Market Standoff Period") following the effective date of a registration statement of the Company filed under the Securities Act. The Company may impose stop-transfer instructions with respect to securities subject to the foregoing restrictions until the end of such Market Standoff Period.

E. Method of Payment

1. Method of Payment.

Payment of the aggregate Exercise Price shall be by any of the following, or a combination thereof, at the election of the Optionee:

(a) cash;

(b) check; or

(c) consideration received by the Company under a formal cashless exercise program adopted by the Company in connection with the Plan if such exercise occurs after the Sale Restriction described in Section G is no longer applicable.

F. Restrictions on Exercise.

This Option may not be exercised until such time as the Plan has been approved by the stockholders of the Company, or if the issuance of such Shares upon such exercise or the method of payment of consideration for such shares would constitute a violation of any applicable law.

G. Restriction on Sale of Shares.

1. After issuance of the Shares to the Optionee upon exercise of the Option, the Optionee will not be permitted to sell, transfer, or assign the Shares until the fourth (4th) anniversary of the Effective Grant Date, or such other date as is required to comply with the applicable compulsory holding period for French-qualified options set forth by Section 163 bis C of the French Tax Code. The restriction on the sale of Shares described in Section G of the Option Agreement will continue to apply even in case of termination of the Optionee unless the termination is due to death or Disability (as defined under the French Plan) of the Optionee or is due to dismissal or forced retirement according to the conditions set forth in Section 91 ter of the Annex II of the French tax Code and as construed by the applicable guidelines. In no event will the restriction on the sale of the Shares exceed a period of three (3) years from the date the Option is exercised. If the holding period applicable to Shares underlying the French-qualified Option is not met, this Option may not receive favorable tax and social security treatment under French law. In this case, the Optionee accepts and agrees that he or she will be responsible for paying personal income tax and his or her portion of social security contributions resulting from exercise of the Option.

2. At the Company's discretion, the share certificates for all Shares subject to the French-qualified Option may bear a legend setting forth the restriction on sale for the time period set out in this Section G. In addition, the share certificates may be held until the expiration of the holding period, at the Company's discretion, either (a) by the Company, (b) by a transfer agent designated by the Company, (c) in an account in the name of the Optionee with a broker designated by the Company, or (d) in such manner as the Company may otherwise determine in compliance with French law.

3. If Optionee qualifies as a managing director under French law ("mandataires sociaux", i.e., Président du Conseil d'Administration, Directeur Général, Directeur Général Délégué, Membre du Directoire, Gérant de sociétés par actions), and is otherwise eligible to receive Options under the Plan, and is subject to shareholding restrictions under French law, Optionee must hold 20% of the Shares received at exercise in a nominative account. Optionee may not sell these Shares until he or she ceases to serve as a managing director, as long as this restriction is a requirement under French law or unless law or regulations provide for a lower percentage (in which case this requirement will apply to the lower percentage of Shares held).

H. Non-Transferability of Option.

This Option may not be transferred or assigned in any manner otherwise than by will or by the laws of descent or distribution and may be exercised during the lifetime of Optionee only by Optionee. The terms of the Plan and this Option Agreement shall be binding upon the executors, administrators, heirs, successors and assigns of the Optionee.

I. Term of Option.

Except in the event of Optionee's death, this Option may be exercised only within the term set out in the Notice of Grant, and may be exercised during such term only in accordance with the Plan and the terms of this Option.

J. Entire Agreement.

The Plan is incorporated herein by reference. The Plan (including the French Plan) and this Option Agreement (including Exhibits A, B and C hereto) constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and Optionee with respect to the subject matter hereof, and may not be modified adversely to the Optionee's interest except by means of a writing signed by the Company and Optionee.

K. No Guarantee of Continued Service.

OPTIONEE ACKNOWLEDGES AND AGREES THAT THE VESTING OF THIS OPTION PURSUANT TO THE VESTING SCHEDULE HEREOF IS EARNED ONLY BY CONTINUING AS AN EMPLOYEE OR A CORPORATE OFFICER AT THE WILL OF THE EMPLOYER (NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THIS OPTION OR ACQUIRING SHARES HEREUNDER). OPTIONEE FURTHER ACKNOWLEDGES AND AGREES THAT THIS AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREUNDER AND THE VESTING SCHEDULE SET FORTH HEREIN DO NOT CONSTITUTE AN EXPRESS OR IMPLIED PROMISE OF CONTINUED ENGAGEMENT AS AN EMPLOYEE OR CORPORATE OFFICER FOR THE VESTING PERIOD, FOR ANY PERIOD, OR AT ALL, AND SHALL NOT INTERFERE IN ANY WAY WITH OPTIONEE'S RIGHT OR THE EMPLOYER'S RIGHT TO TERMINATE OPTIONEE'S RELATIONSHIP AS AN EMPLOYEE OR A CORPORATE OFFICER AT ANY TIME, WITH OR WITHOUT CAUSE IN ACCORDANCE WITH APPLICABLE LAWS.

L. Responsibility for Taxes.

Regardless of any action the Company or the Employer takes with respect to any or all income tax, social insurance, payroll tax, payment on account or other tax-related items related to Optionee's participation in the Plan and legally applicable to Optionee ("Tax-Related Items"), Optionee acknowledges that the ultimate liability for all Tax-Related Items is and remains his or her responsibility and may exceed the amount actually withheld by the Company. Optionee further acknowledges that the Company and/or the Employer (1) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Option grant, including, but not limited to, the grant, vesting or exercise of the Option, the issuance of Shares pursuant to the exercise of the Option, and the subsequent sale of Shares acquired pursuant to such exercise and the receipt of any dividends; and (2) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Option to reduce or eliminate Optionee's liability for Tax-Related Items or achieve any particular tax result. Further, if Optionee has become subject to tax in more than one jurisdiction between the date of grant and the date of any relevant taxable event, Optionee acknowledges that the Company may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to any relevant taxable or tax withholding event, as applicable, Optionee will pay or make adequate arrangements satisfactory to the Company and/or the Employer within the limits set forth by French law to satisfy all Tax-Related Items. In this regard, Optionee authorizes the Company and/or the Employer, or their respective agents, to withhold all applicable Tax-Related Items by means of one or a combination of the following: (1) withholding from Optionee's wages or other cash compensation paid to Optionee by the Company; (2) withholding from proceeds of the sale of Shares acquired upon exercise of the Option either through a voluntary sale or through a mandatory sale arranged by the Company (on Optionee's behalf pursuant to this authorization); or (3) withholding in Shares to be issued upon exercise of the Option. Optionee acknowledges and agrees that if Tax-Related Items are satisfied by withholding from the proceeds of the sale of the Shares and the amount withheld is in excess of the amount due, the Company and/or the Employer will refund the excess amount to Optionee as soon as administratively practicable and without interest.

To avoid negative accounting treatment or for any other reason, as determined by the Company in its sole discretion, the Company may withhold or account for Tax-Related Items by

considering applicable minimum statutory withholding amounts or other applicable withholding rates. If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, Optionee is deemed to have been issued the full number of Shares subject to the Option, notwithstanding that a number of the Shares is held back solely for the purpose of paying the Tax-Related Items due as a result of any aspect of Optionee's participation in the Plan.

Finally, Optionee shall pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of Optionee's participation in the Plan or Optionee's purchase of Shares that cannot be satisfied by the means previously described. The Company may refuse to honor the exercise and refuse to deliver the Shares or the proceeds of the sale of Shares, if Optionee fails to comply with Optionee's obligations in connection with the Tax-Related Items.

M. Nature of Grant.

In accepting the Option grant, Optionee acknowledges that: (1) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, unless otherwise provided in the Plan and this Option Agreement; (2) the grant of the Option is voluntary and occasional and does not create any contractual or other right to receive future grants of options, or benefits in lieu of options, even if options have been granted repeatedly in the past; (3) all decisions with respect to future option grants, if any, will be at the sole discretion of the Company; (4) Optionee's participation in the Plan shall not create a right to further employment with the Employer and shall not interfere with the ability of the Employer to terminate Optionee's employment relationship at any time; (5) Optionee is voluntarily participating in the Plan; (6) the Option and Shares subject to the Option are an extraordinary items that do not constitute compensation of any kind for services of any kind rendered to the Company or the Employer, and which is outside the scope of Optionee's employment contract, if any; (7) the Option and the Shares subject to the Option are not intended to replace any pension rights or compensation; (8) the Option and the Shares subject to the Option are not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end of service payments, bonuses, long-service awards, pension, retirement or welfare benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Company or the Employer or any Subsidiary or affiliate of the Company; (9) the Option grant and Optionee's participation in the Plan will not be interpreted to form an employment contract or relationship with the Company, the Employer or any Subsidiary or affiliate of the Company; (10) the future value of the underlying Shares is unknown and cannot be predicted with certainty; (11) if the underlying Shares do not increase in value, the Option will have no value; (12) if Optionee exercises his or her Option and obtain Shares, the value of those Shares acquired upon exercise may increase or decrease in value, even below the Exercise Price; (13) in consideration of the grant of the Option, no claim or entitlement to compensation or damages shall arise from forfeiture of the Option resulting from termination of Optionee's employment by the Company or the Employer (for any reason whatsoever and whether or not in breach of local labor laws) and Optionee irrevocably releases the Company, the Employer and any Subsidiary and affiliate of the Company from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, Optionee shall be deemed irrevocably to have waived his or her entitlement to pursue such claim; (14) in the event of termination of Optionee's employment, Optionee's right to receive an Option and vest in the Option under the Plan, if any, will terminate effective as of the date that Optionee is no longer actively employed and will not be extended by any notice period mandated under local law (*e.g.*, active employment would not include a period of "garden leave" or similar period pursuant to local law); furthermore, in the event of termination of employment (whether or not in breach of local labor laws), Optionee's right to exercise the Option after termination of employment will be measured by the date of termination of Optionee's active employment and will not be extended by any notice period mandated under local law; the Plan administrator shall have the exclusive discretion to determine when Optionee is no longer actively employed for purposes of Optionee's Option grant; and (15) the Option and the benefits under the Plan, if any, will not automatically transfer to another company in the case of a merger, take-over or transfer of liability.

M. No Advice Regarding Grant.

The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Optionee's participation in the Plan, or Optionee's acquisition or sale of the underlying Shares. Optionee is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding participation in the Plan before taking any action related to the Plan.

N. *Data Privacy*.

Optionee hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Optionee's personal data as described in this document by and among, as applicable, the Employer, and the Company and its subsidiaries and affiliates for the exclusive purpose of implementing, administering and managing the Optionee's participation in the Plan.

Optionee understands that the Company and the Employer may hold certain personal information about him or her, including, but not limited to, the Optionee's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all options or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in the Optionee's favor, for the purpose of implementing, administering and managing the Plan ("Data"). Optionee understands that Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in the Optionee's country, outside the European Union, or elsewhere, and that the recipients' country (e.g., the United States) may have different data privacy laws and protections than the Optionee's country. Optionee understand that he or she may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative. Optionee authorizes the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing his or her participation in the Plan, including any requisite transfer of such Data as may be required to a broker or other third party with whom the Optionee may elect to deposit any shares of stock acquired upon exercise of this Option. Optionee understands that Data will be held only as long as is necessary to implement, administer and manage his or her participation in the Plan. Optionee understands that he or she may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing his or her local human resources representative. Optionee understands, however, that refusing or withdrawing his or her consent may affect his or her ability to participate in the Plan. For more information on the consequences of the Optionee's refusal to consent or withdrawal of consent, Optionee understands that he or she may contact the local human resources representative.

O. Governing Law; Venue for Litigation.

This Option grant and the provisions of this Option Agreement are governed by, and subject to, the internal substantive laws but not the choice of law rules of the State of California.

For purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties evidenced by this grant or the Option Agreement, the parties hereby submit to and consent to the exclusive jurisdiction of the State of California and agree that such litigation shall be conducted only in the courts of San Mateo County, California, or the federal courts for the United States for the Northern District of California, and no other courts, where this grant is made and/or to be performed.

P. Language.

If the Optionee has received this Option Agreement or any other document related to the Plan translated into French and if the meaning of the French version is different from the English version, the English version will control.

Q. Electronic Delivery.

The Company may, in its sole discretion, decide to deliver any documents related to this Option granted under and participation in the Plan or future options that may be granted under the Plan by electronic means or to request the Optionee's consent to participate in the Plan by electronic means. Optionee hereby consents to receive such documents by electronic delivery and, if requested, to agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

R. Severability.

The provisions of this Option Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

S. Imposition of Other Requirements.

The Company reserves the right to impose other requirements on Optionee's participation in the Plan, on the Option and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable in order to comply with local law or facilitate the administration of the Plan, and to require Optionee to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

Optionee acknowledges receipt of a copy of the Plan and represents that he or she is familiar with the terms and provisions thereof, and hereby accepts this Option subject to all of the terms and provisions thereof. Optionee has reviewed the Plan and this Option in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Option and fully understands all provisions of this Option. Optionee hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan or this Option. Optionee further agrees to notify the Company upon any change in the residence address indicated below.

En cliquant sur le bouton « J'accepte » ou en signant et renvoyant le présent document décrivant les termes et conditions de votre attribution, vous confirmez ainsi avoir lu et compris les documents relatifs à cette attribution (le Plan U.S. tel qu'amendé par le Plan pour la France et ce Contrat d'Attribution) qui vous ont été communiqués en langue anglaise. Vous en acceptez les termes en connaissance de cause.

By clicking on the “I accept” button or by signing and returning this document providing for the terms and conditions of your grant, you confirm having read and understood the documents relating to this grant (the U.S. Plan as amended by the French Plan and the Option Agreement) which were provided to you in the English language. You accept the terms of those documents accordingly.

OPTIONEE:

FORTINET, INC.

Date

FORTINET, INC.

2008 STOCK PLAN
COUNTRY SUPPLEMENT & UNDERTAKING
FOR OPTIONEES IN BELGIUM

This supplement has been prepared to provide the Optionee with a summary of certain key information regarding the Optionee's participation in the Fortinet, Inc 2008 Stock Plan (the "Plan").

This supplement is based on the tax and other laws concerning stock options in effect in Belgium as of March 2009. Such laws are often complex and change frequently. As a result, the information contained in this supplement may be outdated at the time the Option is exercised or when the Optionee sells shares acquired under the Plan.

In addition, this supplement is general in nature. It is not intended to serve as specific tax or investment advice and does not discuss all of the various laws, rules and regulations that may apply. It may not apply to the Optionee's particular tax or financial situation, and Fortinet, Inc. ("Fortinet") is in no position to assure any particular tax result. **Accordingly, the Optionee is strongly advised to seek appropriate professional advice as to how the tax or other laws in the Optionee's country apply to his or her specific situation.**

If the Optionee is a citizen or resident of another country or is considered a resident of another country for local law purposes, the information contained in this summary may not be applicable to the Optionee. The Optionee is advised to seek appropriate professional advice as to how the tax or other laws in the Optionee's country apply to his or her specific situation.

Capitalized terms used but not defined herein shall have the same meanings ascribed to them in the Plan and the Option Agreement.

Pursuant to Belgian tax legislation and the current interpretation thereof by the Belgian Minister of Finance, the Optionee may have **two alternatives** as to how the Option will be taxed.

1. Taxation at Offer Date
2. Taxation at Date of Exercise

The Optionee should consult his or her personal tax advisor before deciding which alternative he or she should select with respect to this offer. The choice is at the Optionee's risk and Fortinet may not be held liable for damages, if any, that the Optionee may incur should the Minister of Finance's interpretation not be upheld.

1. Taxation at Offer Date: Example

Under the first alternative (which is based on the Law of March 26, 1999), the Option will be taxed at the time of the offer, **[insert date]** ("Offer Date").

To obtain this tax treatment, the Optionee must expressly accept the Option within 60 days of the Offer Date by returning the executed Stock Option Agreement to Fortinet by the end of this period.

Assuming the Option is exercised before January 1, 2013 and the Option has a term of seven (7) years, the taxable value is the number of shares covered by the Option times the value of the underlying shares on the Offer Date times 17%, plus any increase in the value of Fortinet Common Stock on the Offer Date over the Exercise Price (*i.e.*, any amount by which the Option is "in the money" on the Offer Date).

For Belgian tax purposes, the fair market value of the shares of Fortinet Common Stock on the Offer Date is the fair market value of the shares of Fortinet Common Stock as established by Fortinet's Board of Directors as of such date.

For example, assume the following facts:

- The Optionee is granted an Option for 100 shares of Fortinet Common Stock with an Exercise Price of US$10.
- The Option has a seven (7) year term.
- The fair market value of the shares of Fortinet Common Stock on the Offer Date is US$11.
- As the Exercise Price (US$10) is lower than the fair market value of the underlying share on the Offer Date (US$11), the excess of the market value over the Exercise Price is added to the taxable value of the option.
- Assume the Optionee's marginal tax rate is 50%.

Based on these facts, the Optionee's Belgian tax liability for the 2009 income year as a consequence of the grant of the Option would be as follows:

100 shares x US$11/share x 17% x 50%	=	US$93.50
100 shares x (US$11 - US$10) x 50%	=	US$50
Tax liability for 2009 income year	=	US$143.50 (this amount will need to be converted into Euros)

The income tax is due even if the Optionee never exercises the Option or if the Optionee becomes a non-resident of Belgium before the Optionee exercises the Option.

An exception to the general taxation rule is available; the exception would result in favorable tax treatment by ***reducing the percentage factor from 17% to 8.5% (assuming a 7 year term)***. To qualify for the favorable tax treatment, the Optionee should execute an "Undertaking" (a sample document is attached to this Supplement) not to exercise any portion of the Option before the end of the third full calendar year following the calendar year of the Offer Date.

Assume the same facts used in the example above, except that the Optionee has executed an Undertaking not to exercise any portion of the Option before January 1, 2013. Under this exception, the Optionee's tax liability for the 2013 income year would be $96.75. The calculation would be as follows:

100 shares x US$11/share x 8.5% x 50%	=	US$46.75
100 shares x (US$11 - US$10) x 50%	=	US$50
Tax liability for 2009 income year	=	US$96.75 (this amount will need to be converted into Euros)

The income tax is due even if the Optionee never exercises the Option or if the Optionee becomes a non-resident of Belgium before the Optionee exercises the Option.

If the Option is taxed under this first alternative, the Optionee will not be subject to tax when the Optionee subsequently exercises the Option and purchase shares of Fortinet Common Stock under the Plan, unless the Optionee exercises the Option before the date specified in the Optionee's Undertaking.

Finally, the Optionee should note that the Optionee may also decide to reject the Option within 60 days of the Offer Date, in which case the Optionee will not incur any tax liability (neither under the first alternative nor under the second alternative, discussed below). However, if Optionee rejects the Option (or does not expressly accept the Option), his or her Option will be cancelled and he or she will get no benefit from the Option or any benefits/compensation in lieu of the cancelled Option.

2. Taxation at Date of Exercise: Example

Under the second alternative, if the Optionee accepts the Option more than 60 days after the Offer Date, the Option will be taxed only upon exercise. This tax treatment is based on a current interpretation of Belgian tax legislation by the Belgian Minister of Finance, which could subsequently be overturned by a court or by the Belgian legislature. Fortinet will not be liable/responsible in any way if taxation at exercise is not achieved as a result in a change in tax law or interpretation thereof.

If the Option is subject to tax at exercise, tax will have to be paid on the difference (or spread) between the fair market value of the shares at exercise and the Exercise Price. Assuming the same facts as in Example 1 above, that the Exercise Price is US$10, Optionee is granted an Option over 100 shares and the Optionee's marginal tax rate is 50% and further assuming that the fair market value of the shares at exercise is US$15 and Optionee exercises all of the optioned shares, Optionee would pay tax in the amount of US$250 [($15 - 10) x 100 shares x 50%]. (This amount will need to be converted into Euros.)

To choose this tax treatment, the Optionee must accept the grant in writing **more than 60 days but no later than the time the Option is exercised** from the Offer Date by returning the executed Stock Option Agreement to Fortinet. If the Optionee elects this tax treatment, there is no reason for the Optionee to sign the Undertaking.

General Tax Information

Taxation at Date of Sale

Regardless of when the Optionee accepts his or her offer, the Optionee will not be subject to tax when the Optionee sells shares acquired under the Plan.

Social Security Contributions

Under the first alternative (*i.e.*, Taxation at Offer Date), the Optionee may be subject to social security contributions if the Exercise Price is lower than the market value of the underlying shares on the Offer Date, as determined according to Belgian tax law, in which case the Optionee could be subject to social security contributions on such difference (or "discount") between the Exercise Price and the market value of the shares on the Offer Date. However, even if a discount exists, there are arguments which support the position that the discount should not be subject to social security contributions, unless the Optionee's employer reimburses Fortinet for the costs of the Option or is otherwise involved in the administration of the Plan (neither of which is currently the case)**[please confirm]**.

Under the second alternative (*i.e.*, Taxation at Date of Exercise), there are also arguments which support the position that the spread realized upon exercise of the Option should not be subject to social security contributions, unless the Optionee's employer reimburses Fortinet for the costs of the Option or Fortinet has not granted the Option at its own discretion (neither of which is currently the case) **[please confirm]**. However, this is not certain, and the Optionee should confirm his or her social security liability with his or her personal tax advisor before the Optionee exercise the Option.

Tax Withholding and Reporting

Under the first alternative, the Optionee's employer is required to report the taxable amount at the time of the Offer Date on a 281.10 salary form and a 325.10 recapitulative statement that will be given to the Optionee. In addition, the Optionee is responsible for reporting the grant of the Option on the Optionee's annual tax return. It is the Optionee's responsibility to pay any taxes due when the Option is offered to the Optionee.

Under the second alternative, the Optionee's employer should not be required to report or withhold any taxes. The Optionee is responsible for reporting the grant and exercise of the Option on the Optionee's annual return and to pay any taxes due as a result of the exercise of the Option.

Regardless of the tax treatment, the Optionee also may be required to report any security or bank account the Optionee hold outside of Belgium on the Optionee's annual tax return.

Accepting the Offer of the Option

If the Optionee decides to accept the Option, the Optionee has to indicate the Optionee's acceptance by executing the Stock Option Agreement where noted and returning it in its entirety to:

[Insert individual's name]
Fortinet, Inc.
[insert address]

If the Optionee elects to fall under the first alternative, the Optionee should return the executed Stock Option Agreement as soon as possible, but no later than [insert date] (*i.e.*, 60 days after the Offer Date).

If the Optionee decides to execute the document entitled "Undertaking," the Optionee must retain the original executed document for submission with the Optionee's applicable tax return and send a copy of the document to Fortinet with the Optionee's executed Stock Option Agreement.

As explained above, if the Optionee accepts the offer under the first alternative, the Optionee must pay income tax even if the Optionee never ultimately benefit from the Option. For example, this could occur if the Optionee terminates his or her employment with Fortinet before the Option vests or before the Option is exercised. In addition, the Option could become valueless due to a drop in the value of Fortinet Common Stock, which is not followed by a sufficient recovery before the end of the option term.

If the Optionee elects to fall under the second alternative, the Optionee should return the executed Stock Option Agreement (for Employees in Belgium) after [insert date] (*i.e.*, 60 days after the Offer Date), but no later than the date the Option is exercised. There is no need to execute the Undertaking in this case.

If the Optionee does not expressly accept the Option by signing the Stock Option Agreement where noted and returning it to Fortinet, the Option will be deemed rejected and cancelled. If the Option is deemed rejected, the Optionee will not be subject to tax, but the Optionee will not receive any benefit from the Option or any benefit/compensation in lieu of the cancelled Option.

FORTINET, INC.

2008 STOCK PLAN

UNDERTAKING FOR OPTIONEES IN BELGIUM

TO WHOM IT MAY CONCERN

The undersigned, having received from Fortinet, Inc. ("Fortinet"), an option to purchase **[insert]** shares of Common Stock of Fortinet, [insert fraction] of which will become exercisable on the one-year anniversary of the Date of Grant and [insert fraction] of which will vest on each subsequent anniversary of the Date of Grant thereafter for a period of [insert number of years] years, with vesting commencing on **[insert date] [Please revise vesting schedule as necessary]**, hereby undertakes:

(i) not to exercise any portion of this option before January 1, 2013. This undertaking is assumed pursuant to the second paragraph of section 6 of article 43 of the statute of March 26, 1999, for the purpose of obtaining for said option the favorable valuation provided in the first paragraph of said section 6;

(ii) not to transfer any portion of this option, except in the event of his or her death; and

(iii) fully to indemnify Fortinet and/or his or her Belgian employer, on first demand, against any tax and/or social security contribution liabilities that may become due as a result of non-compliance with the obligations set forth herein.

Date: _____

_____

Signature of Optionee

_____

Print Full Name

(Attach this Undertaking to your tax return and return a copy to Fortinet.)

FORTINET, INC.
2008 STOCK PLAN

National Insurance Contributions Election

1. **Parties**

This Election is between:

(A) _____ (the "Optionee"), who is eligible to receive stock options to acquire shares (hereinafter referred to as "Options") granted by Fortinet, Inc. of 1090 Kifer Road, Sunnyvale, CA 94086, United States of America (the "Company") pursuant to the terms and conditions of the 2008 Stock Plan (the "Plan"), and any successors in interest; and

(B) Fortinet UK Limited, with registered offices at Sovereign Court, Witan Gate, Central Milton Keynes, Buckinghamshire, MK9 2HP (the "Employer"), which employs the Optionee.

2. **Purpose of Election**

2.1 This Election relates to the Employer's secondary Class 1 National Insurance Contributions (the "Employer's Liability") which may arise on the occurrence of a "Taxable Event" which gives rise to relevant employment income pursuant to paragraph 3B(1A), Schedule 1 of the Social Security Contributions and Benefits Act 1992 ("SSCBA"), including:

(i) the acquisition of securities pursuant to the Options (within section 477(3)(a) ITEPA); and/or

(ii) the assignment or release of the Options in return for consideration (within section 477(3)(b) ITEPA);

(iii) the receipt of a benefit in connection with the Options (within section 477(3)(c) ITEPA); and/or

(iv) post-acquisition charges relating to the Options (within section 427 ITEPA); and/or

(v) post-acquisition charges relating to the Options (within section 439 ITEPA).

In this Election, ITEPA means the Income Tax (Earnings and Pensions) Act 2003.

2.2 This Election is made in accordance with paragraph 3B(1) of Schedule 1 to SSCBA.

2.3 This Election applies to all Options granted to the Optionee under the Plan on or after _____ up to the termination date of the Plan.

2.4 This Election does not apply in relation to any liability, or any part of any liability, arising as a result of regulations being given retrospective effect by virtue of section 4B(2) of either the Social Security Contributions and Benefits Act 1992, or the Social Security Contributions and Benefits (Northern Ireland) Act 1992.

2.5 This Election will not apply to the extent that it relates to relevant employment income which is employment income of the earner by virtue of Chapter 3A of Part 7 of ITEPA (employment income: securities with artificially depressed market value).

3. **The Election**

The Optionee and the Employer jointly elect that the entire liability of the Employer to pay the Employer's Liability on the Taxable Event is hereby transferred to the Optionee. The

Optionee understands that by signing this Election he or she will become personally liable for the Employer's Liability covered by this Election.

4. **Payment of the Employer's Liability**

4.1 The Optionee and the Company acknowledge that the Employer is under a duty to remit the Employer's Liability to HM Revenue & Customs on behalf of the Employee within 14 days after the end of the UK tax month during which the Taxable Event occurs, or such other period of time, as prescribed. The Optionee agrees to pay to the Employer the Employer's Liability on demand, at any time on or after the Taxable Event and hereby authorises the Employer to account for the Employer's Liability to HM Revenue & Customs.

4.2 Without limitation to Clause 4.1 above, the Optionee hereby authorises the Company and/or the Employer to collect the Employer's Liability from the Optionee at any time after the Taxable Event:

(i) by the withholding in shares in accordance with paragraph 9 of the Nonqualified Stock Option Agreement; and/or

(ii) by deduction from salary or any other payment payable to the Optionee at any time on or after the date of the Taxable Event; and/or

(iii) directly from the Optionee by payment in cash or cleared funds; and/or

(iv) by arranging, on behalf of the Optionee, for the sale of some of the securities which the Optionee is entitled to receive upon the exercise of the Options; and/or

(v) through any other method as set forth in Section K of the Stock Option Agreement entered into between the Optionee and the Company and as modified by the United Kingdom Country-Specific Tax Obligations/ Withholding Authorization set forth in Exhibit A to the Stock Option Agreement.

4.3 The Company hereby reserves for itself and the Employer the right to withhold the transfer of any securities under the Stock Option Agreement to the Optionee until full payment of the Employer's Liability is received.

5. **Duration of Election**

5.1 The Optionee and the Employer agree to be bound by the terms of this Election regardless of whether the Optionee is transferred abroad or is not employed by the Employer on the date on which the Employer's Liability becomes due.

5.2 This Election will continue in effect until the earliest of the following:

(i) the date on which both the Optionee and the Employer agree in writing that it should cease to have effect;

(ii) the date on which the Employer serves written notice on the Optionee terminating its effect;

(iii) the date on which HM Revenue & Customs withdraws approval of this Form of Election; or

(iv) the date on which the Election ceases to have effect according to its terms.

5.3 This Election will continue in force regardless of whether the Optionee ceases to be an employee of the Employer.

Signed by **[INSERT NAME OF OPTIONEE]**

The Optionee _____

National Insurance No. _____

Date _____

Signed for and on behalf of **Fortinet UK Ltd.**

The Employer _____

Position _____

FORTINET, INC.

2009 EQUITY INCENTIVE PLAN

1. Purposes of the Plan. The purposes of this Plan are:

— to attract and retain the best available personnel for positions of substantial responsibility,

— to provide additional incentive to Employees, Directors and Consultants, and

— to promote the success of the Company's business.

The Plan permits the grant of Incentive Stock Options, Nonstatutory Stock Options, Restricted Stock, Restricted Stock Units, Stock Appreciation Rights, Performance Units and Performance Shares.

2. Definitions. As used herein, the following definitions will apply:

(a) "Administrator" means the Board or any of its Committees as will be administering the Plan, in accordance with Section 4 of the Plan.

(b) "Applicable Laws" means the requirements relating to the administration of equity-based awards under U.S. state corporate laws, U.S. federal, state and foreign securities laws, the Code, any stock exchange or quotation system on which the Common Stock is listed or quoted and the applicable laws of any foreign country or jurisdiction where Awards are, or will be, granted under the Plan.

(c) "Award" means, individually or collectively, a grant under the Plan of Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, Performance Units or Performance Shares.

(d) "Award Agreement" means the written or electronic agreement setting forth the terms and provisions applicable to each Award granted under the Plan. The Award Agreement is subject to the terms and conditions of the Plan.

(e) "Board" means the Board of Directors of the Company.

(f) "Change in Control" means the occurrence of any of the following events:

(i) A change in the ownership of the Company which occurs on the date that any one person, or more than one person acting as a group ("Person"), acquires ownership of the stock of the Company that, together with the stock held by such Person, constitutes more than 50% of the total voting power of the stock of the Company; provided, however, that for purposes of this subsection (i), the acquisition of additional stock by any one Person, who is considered to own more

than 50% of the total voting power of the stock of the Company will not be considered a Change in Control; or

(ii) A change in the effective control of the Company which occurs on the date that a majority of members of the Board is replaced during any twelve (12) month period by Directors whose appointment or election is not endorsed by a majority of the members of the Board prior to the date of the appointment or election. For purposes of this clause (ii), if any Person is considered to be in effective control of the Company, the acquisition of additional control of the Company by the same Person will not be considered a Change in Control; or

(iii) A change in the ownership of a substantial portion of the Company's assets which occurs on the date that any Person acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition by such person or persons) assets from the Company that have a total gross fair market value equal to or more than 50% of the total gross fair market value of all of the assets of the Company immediately prior to such acquisition or acquisitions; provided, however, that for purposes of this subsection (iii), the following will not constitute a change in the ownership of a substantial portion of the Company's assets: (A) a transfer to an entity that is controlled by the Company's stockholders immediately after the transfer, or (B) a transfer of assets by the Company to: (1) a stockholder of the Company (immediately before the asset transfer) in exchange for or with respect to the Company's stock, (2) an entity, 50% or more of the total value or voting power of which is owned, directly or indirectly, by the Company, (3) a Person, that owns, directly or indirectly, 50% or more of the total value or voting power of all the outstanding stock of the Company, or (4) an entity, at least 50% of the total value or voting power of which is owned, directly or indirectly, by a Person described in this subsection (iii)(B)(3). For purposes of this subsection (iii), gross fair market value means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets.

For purposes of this Section 2(f), persons will be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with the Company.

(g) "Code" means the U.S. Internal Revenue Code of 1986, as amended. Any reference to a section of the Code herein will be a reference to any successor or amended section of the Code.

(h) "Committee" means a committee of Directors or of other individuals satisfying Applicable Laws appointed by the Board in accordance with Section 4 hereof.

(i) "Common Stock" means the common stock of the Company.

(j) "Company" means Fortinet, Inc., a Delaware corporation, or any successor thereto.

(k) "Consultant" means any person, including an advisor, engaged by the Company or a Parent or Subsidiary to render services to such entity.

(l) "Director" means a member of the Board.

(m) "Disability" means total and permanent disability as defined in Section 22(e)(3) of the Code, provided that in the case of Awards other than Incentive Stock Options, the Administrator in its discretion may determine whether a permanent and total disability exists in accordance with uniform and non-discriminatory standards adopted by the Administrator from time to time.

(n) "Employee" means any person, including Officers and Directors, employed by the Company or any Parent or Subsidiary of the Company. Neither service as a Director nor payment of a director's fee by the Company will be sufficient to constitute "employment" by the Company.

(o) "Exchange Act" means the U.S. Securities Exchange Act of 1934, as amended.

(p) "Exchange Program" means a program under which (i) outstanding Awards are surrendered or cancelled in exchange for Awards of the same type (which may have higher or lower exercise prices and different terms), Awards of a different type, and/or cash, (ii) Participants would have the opportunity to transfer any outstanding Awards to a financial institution or other person or entity selected by the Administrator, and/or (iii) the exercise price of an outstanding Award is reduced. The Administrator will determine the terms and conditions of any Exchange Program in its sole discretion.

(q) "Fair Market Value" means, as of any date, the value of Common Stock determined as follows:

(i) If the Common Stock is listed on any established stock exchange or a national market system, including without limitation the Nasdaq Global Select Market, the Nasdaq Global Market or the Nasdaq Capital Market of The Nasdaq Stock Market, its Fair Market Value will be the closing sales price for such stock (or the closing bid, if no sales were reported) as quoted on such exchange or system on the day of determination, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable;

(ii) If the Common Stock is regularly quoted by a recognized securities dealer but selling prices are not reported, the Fair Market Value of a Share will be the mean between the high bid and low asked prices for the Common Stock on the day of determination, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable;

(iii) For purposes of any Awards granted on the Registration Date, the Fair Market Value will be the initial price to the public as set forth in the final prospectus included within the registration statement in Form S-1 filed with the Securities and Exchange Commission for the initial public offering of the Company's Common Stock; or

(iv) In the absence of an established market for the Common Stock, the Fair Market Value will be determined in good faith by the Administrator.

(r) "Fiscal Year" means the fiscal year of the Company.

(s) "Incentive Stock Option" means an Option intended to qualify as an incentive stock option within the meaning of Section 422 of the Code and the regulations promulgated thereunder.

(t) "Inside Director" means a Director who is an Employee.

(u) "Nonstatutory Stock Option" means an Option that by its terms does not qualify or is not intended to qualify as an Incentive Stock Option.

(v) "Officer" means a person who is an officer of the Company within the meaning of Section 16 of the Exchange Act and the rules and regulations promulgated thereunder.

(w) "Option" means a stock option granted pursuant to the Plan.

(x) "Outside Director" means a Director who is not an Employee.

(y) "Parent" means a "parent corporation," whether now or hereafter existing, as defined in Section 424(e) of the Code.

(z) "Participant" means the holder of an outstanding Award.

(aa) "Performance Share" means an Award denominated in Shares which may be earned in whole or in part upon attainment of performance goals or other vesting criteria as the Administrator may determine pursuant to Section 10.

(bb) "Performance Unit" means an Award which may be earned in whole or in part upon attainment of performance goals or other vesting criteria as the Administrator may determine and which may be settled for cash, Shares or other securities or a combination of the foregoing pursuant to Section 10.

(cc) "Period of Restriction" means the period during which the transfer of Shares of Restricted Stock are subject to restrictions and therefore, the Shares are subject to a substantial risk of forfeiture. Such restrictions may be based on the passage of time, the achievement of target levels of performance, or the occurrence of other events as determined by the Administrator.

(dd) "Plan" means this 2009 Equity Incentive Plan.

(ee) "Registration Date" means the effective date of the first registration statement that is filed by the Company and declared effective pursuant to Section 12(g) of the Exchange Act, with respect to any class of the Company's securities.

(ff) "Restricted Stock" means Shares issued pursuant to a Restricted Stock award under Section 7 of the Plan, or issued pursuant to the early exercise of an Option.

(gg) "Restricted Stock Unit" means a bookkeeping entry representing an amount equal to the Fair Market Value of one Share, granted pursuant to Section 8. Each Restricted Stock Unit represents an unfunded and unsecured obligation of the Company.

(hh) "Rule 16b-3" means Rule 16b-3 of the Exchange Act or any successor to Rule 16b-3, as in effect when discretion is being exercised with respect to the Plan.

(ii) "Section 16(b)" means Section 16(b) of the Exchange Act.

(jj) "Service Provider" means an Employee, Director or Consultant.

(kk) "Share" means a share of the Common Stock, as adjusted in accordance with Section 13 of the Plan.

(ll) "Stock Appreciation Right" means an Award, granted alone or in connection with an Option, that pursuant to Section 9 is designated as a Stock Appreciation Right.

(mm) "Subsidiary" means a "subsidiary corporation", whether now or hereafter existing, as defined in Section 424(f) of the Code.

3. Stock Subject to the Plan.

(a) Stock Subject to the Plan. Subject to the provisions of Section 13 of the Plan, the maximum aggregate number of Shares that may be issued under the Plan is 9,000,000 Shares, plus any Shares subject to stock options or similar awards granted under the 2008 Stock Plan and the Amended and Restated 2000 Stock Plan that expire or otherwise terminate without having been exercised in full and Shares issued pursuant to awards granted under the 2008 Stock Plan and the Amended and Restated 2000 Stock Plan that are forfeited to or repurchased by the Company, with the maximum number of Shares to be added to the Plan pursuant to such terminations, forfeitures and repurchases not to exceed 21,000,000 Shares. The Shares may be authorized, but unissued, or reacquired Common Stock.

(b) Automatic Share Reserve Increase. The number of Shares available for issuance under the Plan will be increased on the first day of each Fiscal Year beginning with the 2011 Fiscal Year, in an amount equal to the least of (i) 7,000,000 Shares, (ii) five percent (5%) of the outstanding Shares on the last day of the immediately preceding Fiscal Year, or (iii) such number of Shares determined by the Board.

(c) Lapsed Awards. If an Award expires or becomes unexercisable without having been exercised in full, is surrendered pursuant to an Exchange Program, or, with respect to Restricted Stock, Restricted Stock Units, Performance Units or Performance Shares, is forfeited to or repurchased by the Company due to failure to vest, the unpurchased Shares (or for Awards other than Options or Stock Appreciation Rights the forfeited or repurchased Shares) which were subject thereto will become available for future grant or sale under the Plan (unless the Plan has terminated). With respect to Stock Appreciation Rights, only Shares actually issued (i.e., the net Shares issued) pursuant to a Stock Appreciation Right will cease to be available under the Plan; all remaining Shares under Stock Appreciation Rights will remain available for future grant or sale under the Plan (unless the Plan has terminated). Shares that have actually been issued under the Plan under any Award will not be returned to the Plan and will not become available for future distribution under the Plan; provided, however, that if Shares issued pursuant to Awards of Restricted Stock, Restricted Stock Units, Performance Shares or Performance Units are repurchased by the Company or are forfeited to the Company, such Shares will become available for future grant under the Plan. Shares

used to pay the exercise price of an Award or to satisfy the tax withholding obligations related to an Award will become available for future grant or sale under the Plan. To the extent an Award under the Plan is paid out in cash rather than Shares, such cash payment will not result in reducing the number of Shares available for issuance under the Plan. Notwithstanding the foregoing and, subject to adjustment as provided in Section 13, the maximum number of Shares that may be issued upon the exercise of Incentive Stock Options will equal the aggregate Share number stated in Section 3(a), plus, to the extent allowable under Section 422 of the Code and the Treasury Regulations promulgated thereunder, any Shares that become available for issuance under the Plan pursuant to Sections 3(b) and 3(c).

(d) Share Reserve. The Company, during the term of this Plan, will at all times reserve and keep available such number of Shares as will be sufficient to satisfy the requirements of the Plan.

4. Administration of the Plan.

(a) Procedure.

(i) Multiple Administrative Bodies. Different Committees with respect to different groups of Service Providers may administer the Plan.

(ii) Section 162(m). To the extent that the Administrator determines it to be desirable to qualify Awards granted hereunder as "performance-based compensation" within the meaning of Section 162(m) of the Code, the Plan will be administered by a Committee of two (2) or more "outside directors" within the meaning of Section 162(m) of the Code.

(iii) Rule 16b-3. To the extent desirable to qualify transactions hereunder as exempt under Rule 16b-3, the transactions contemplated hereunder will be structured to satisfy the requirements for exemption under Rule 16b-3.

(iv) Other Administration. Other than as provided above, the Plan will be administered by (A) the Board or (B) a Committee, which committee will be constituted to satisfy Applicable Laws.

(b) Powers of the Administrator. Subject to the provisions of the Plan, and in the case of a Committee, subject to the specific duties delegated by the Board to such Committee, the Administrator will have the authority, in its discretion:

(i) to determine the Fair Market Value;

(ii) to select the Service Providers to whom Awards may be granted hereunder;

(iii) to determine the number of Shares to be covered by each Award granted hereunder;

(iv) to approve forms of Award Agreements for use under the Plan;

(v) to determine the terms and conditions, not inconsistent with the terms of the Plan, of any Award granted hereunder. Such terms and conditions include, but are not limited to, the exercise price, the time or times when Awards may be exercised (which may be based on performance criteria), any vesting acceleration or waiver of forfeiture restrictions, and any restriction or limitation regarding any Award or the Shares relating thereto, based in each case on such factors as the Administrator will determine;

(vi) to determine the terms and conditions of any, and to institute any Exchange Program;

(vii) to construe and interpret the terms of the Plan and Awards granted pursuant to the Plan;

(viii) to prescribe, amend and rescind rules and regulations relating to the Plan, including rules and regulations relating to sub-plans established for the purpose of satisfying applicable foreign laws, obtaining favorable tax treatment or for any other purpose the Administrator determines is desirable and consistent with the terms of the Plan;

(ix) to modify or amend each Award (subject to Section 18 of the Plan), including but not limited to the discretionary authority to extend the post-termination exercisability period of Awards and to extend the maximum term of an Option (subject to Section 6(b) of the Plan regarding Incentive Stock Options);

(x) to allow Participants to satisfy withholding tax obligations in such manner as prescribed in Section 13 of the Plan;

(xi) to authorize any person to execute on behalf of the Company any instrument required to effect the grant of an Award previously granted by the Administrator;

(xii) to allow a Participant to defer the receipt of the payment of cash or the delivery of Shares that would otherwise be due to such Participant under an Award; and

(xiii) to make all other determinations deemed necessary or advisable for administering the Plan.

(c) Effect of Administrator's Decision. The Administrator's decisions, determinations and interpretations will be final and binding on all Participants and any other holders of Awards.

5. Eligibility. Nonstatutory Stock Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, Performance Shares and Performance Units may be granted to Service Providers. Incentive Stock Options may be granted only to Employees.

6. Stock Options.

(a) Limitations. Each Option will be designated in the Award Agreement as either an Incentive Stock Option or a Nonstatutory Stock Option. However, notwithstanding such designation, to the extent that the aggregate Fair Market Value of the Shares with respect to which

Incentive Stock Options are exercisable for the first time by the Participant during any calendar year (under all plans of the Company and any Parent or Subsidiary) exceeds one hundred thousand dollars ($100,000), such Options will be treated as Nonstatutory Stock Options. For purposes of this Section 6(a), Incentive Stock Options will be taken into account in the order in which they were granted. The Fair Market Value of the Shares will be determined as of the time the Option with respect to such Shares is granted.

(b) Term of Option. The term of each Option will be stated in the Award Agreement. In the case of an Incentive Stock Option, the term will be ten (10) years from the date of grant or such shorter term as may be provided in the Award Agreement. Moreover, in the case of an Incentive Stock Option granted to a Participant who, at the time the Incentive Stock Option is granted, owns stock representing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or any Parent or Subsidiary, the term of the Incentive Stock Option will be five (5) years from the date of grant or such shorter term as may be provided in the Award Agreement.

(c) Option Exercise Price and Consideration.

(i) Exercise Price. The per share exercise price for the Shares to be issued pursuant to exercise of an Option will be determined by the Administrator, subject to the following:

(1) In the case of an Incentive Stock Option

a) granted to an Employee who, at the time the Incentive Stock Option is granted, owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Parent or Subsidiary, the per Share exercise price will be no less than one hundred ten percent (110%) of the Fair Market Value per Share on the date of grant.

b) granted to any Employee other than an Employee described in paragraph (A) immediately above, the per Share exercise price will be no less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant.

(2) In the case of a Nonstatutory Stock Option, the per Share exercise price will be no less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant.

(3) Notwithstanding the foregoing, Options may be granted with a per Share exercise price of less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant pursuant to a transaction described in, and in a manner consistent with, Section 424(a) of the Code.

(ii) Waiting Period and Exercise Dates. At the time an Option is granted, the Administrator will fix the period within which the Option may be exercised and will determine any conditions that must be satisfied before the Option may be exercised.

(iii) Form of Consideration. The Administrator will determine the acceptable form of consideration for exercising an Option, including the method of payment. In the

case of an Incentive Stock Option, the Administrator will determine the acceptable form of consideration at the time of grant. Such consideration may consist entirely of: (1) cash; (2) check; (3) promissory note, to the extent permitted by Applicable Laws, (4) other Shares, provided that such Shares have a Fair Market Value on the date of surrender equal to the aggregate exercise price of the Shares as to which such Option will be exercised and provided that accepting such Shares will not result in any adverse accounting consequences to the Company, as the Administrator determines in its sole discretion; (5) consideration received by the Company under a broker-assisted (or other) cashless exercise program (whether through a broker or otherwise) implemented by the Company in connection with the Plan; (6) by net exercise; (7) such other consideration and method of payment for the issuance of Shares to the extent permitted by Applicable Laws; or (8) any combination of the foregoing methods of payment.

(d) Exercise of Option.

(i) Procedure for Exercise; Rights as a Stockholder. Any Option granted hereunder will be exercisable according to the terms of the Plan and at such times and under such conditions as determined by the Administrator and set forth in the Award Agreement. An Option may not be exercised for a fraction of a Share.

An Option will be deemed exercised when the Company receives: (i) notice of exercise (in such form as the Administrator may specify from time to time) from the person entitled to exercise the Option, and (ii) full payment for the Shares with respect to which the Option is exercised (together with applicable withholding taxes). Full payment may consist of any consideration and method of payment authorized by the Administrator and permitted by the Award Agreement and the Plan. Shares issued upon exercise of an Option will be issued in the name of the Participant or, if allowed by the Administrator and requested by the Participant, in the name of the Participant and his or her spouse. Until the Shares are issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a stockholder will exist with respect to the Shares subject to an Option, notwithstanding the exercise of the Option. The Company will issue (or cause to be issued) such Shares promptly after the Option is exercised. No adjustment will be made for a dividend or other right for which the record date is prior to the date the Shares are issued, except as provided in Section 12 of the Plan.

Exercising an Option in any manner will decrease the number of Shares thereafter available, both for purposes of the Plan and for sale under the Option, by the number of Shares as to which the Option is exercised.

(ii) Termination of Relationship as a Service Provider. If a Participant ceases to be a Service Provider, other than upon the Participant's termination as the result of the Participant's death or Disability, the Participant may exercise his or her Option within such period of time as is specified in the Award Agreement to the extent that the Option is vested on the date of termination (but in no event later than the expiration of the term of such Option as set forth in the Award Agreement). In the absence of a specified time in the Award Agreement, the Option will remain exercisable for three (3) months following the Participant's termination. Unless otherwise provided by the Administrator, if on the date of termination the Participant is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option will revert to the Plan. If

after termination the Participant does not exercise his or her Option within the time specified by the Administrator, the Option will terminate, and the Shares covered by such Option will revert to the Plan.

(iii) Disability of Participant. If a Participant ceases to be a Service Provider as a result of the Participant's Disability, the Participant may exercise his or her Option within such period of time as is specified in the Award Agreement to the extent the Option is vested on the date of termination (but in no event later than the expiration of the term of such Option as set forth in the Award Agreement). In the absence of a specified time in the Award Agreement, the Option will remain exercisable for twelve (12) months following the Participant's termination. Unless otherwise provided by the Administrator, if on the date of termination the Participant is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option will revert to the Plan. If after termination the Participant does not exercise his or her Option within the time specified herein, the Option will terminate, and the Shares covered by such Option will revert to the Plan.

(iv) Death of Participant. If a Participant dies while a Service Provider, the Option may be exercised following the Participant's death within such period of time as is specified in the Award Agreement to the extent that the Option is vested on the date of death (but in no event may the option be exercised later than the expiration of the term of such Option as set forth in the Award Agreement), by the Participant's designated beneficiary, provided such beneficiary has been designated prior to Participant's death in a form acceptable to the Administrator. If no such beneficiary has been designated by the Participant, then such Option may be exercised by the personal representative of the Participant's estate or by the person(s) to whom the Option is transferred pursuant to the Participant's will or in accordance with the laws of descent and distribution. In the absence of a specified time in the Award Agreement, the Option will remain exercisable for twelve (12) months following Participant's death. Unless otherwise provided by the Administrator, if at the time of death Participant is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option will immediately revert to the Plan. If the Option is not so exercised within the time specified herein, the Option will terminate, and the Shares covered by such Option will revert to the Plan.

7. Restricted Stock.

(a) Grant of Restricted Stock. Subject to the terms and provisions of the Plan, the Administrator, at any time and from time to time, may grant Shares of Restricted Stock to Service Providers in such amounts as the Administrator, in its sole discretion, will determine.

(b) Restricted Stock Agreement. Each Award of Restricted Stock will be evidenced by an Award Agreement that will specify the Period of Restriction, the number of Shares granted, and such other terms and conditions as the Administrator, in its sole discretion, will determine. Unless the Administrator determines otherwise, the Company as escrow agent will hold Shares of Restricted Stock until the restrictions on such Shares have lapsed.

(c) Transferability. Except as provided in this Section 7, Shares of Restricted Stock may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated until the end of the applicable Period of Restriction.

(d) Other Restrictions. The Administrator, in its sole discretion, may impose such other restrictions on Shares of Restricted Stock as it may deem advisable or appropriate.

(e) Removal of Restrictions. Except as otherwise provided in this Section 7, Shares of Restricted Stock covered by each Restricted Stock grant made under the Plan will be released from escrow as soon as practicable after the last day of the Period of Restriction or at such other time as the Administrator may determine. The Administrator, in its discretion, may accelerate the time at which any restrictions will lapse or be removed.

(f) Voting Rights. During the Period of Restriction, Service Providers holding Shares of Restricted Stock granted hereunder may exercise full voting rights with respect to those Shares, unless the Administrator determines otherwise.

(g) Dividends and Other Distributions. During the Period of Restriction, Service Providers holding Shares of Restricted Stock will be entitled to receive all dividends and other distributions paid with respect to such Shares, unless the Administrator provides otherwise. If any such dividends or distributions are paid in Shares, the Shares will be subject to the same restrictions on transferability and forfeitability as the Shares of Restricted Stock with respect to which they were paid.

(h) Return of Restricted Stock to Company. On the date set forth in the Award Agreement, the Restricted Stock for which restrictions have not lapsed will revert to the Company and again will become available for grant under the Plan.

8. Restricted Stock Units.

(a) Grant. Restricted Stock Units may be granted at any time and from time to time as determined by the Administrator. After the Administrator determines that it will grant Restricted Stock Units under the Plan, it will advise the Participant in an Award Agreement of the terms, conditions, and restrictions related to the grant, including the number of Restricted Stock Units.

(b) Vesting Criteria and Other Terms. The Administrator will set vesting criteria in its discretion, which, depending on the extent to which the criteria are met, will determine the number of Restricted Stock Units that will be paid out to the Participant. The Administrator may set vesting criteria based upon the achievement of Company-wide, business unit, or individual goals (including, but not limited to, continued employment), or any other basis determined by the Administrator in its discretion.

(c) Earning Restricted Stock Units. Upon meeting the applicable vesting criteria, the Participant will be entitled to receive a payout as determined by the Administrator. Notwithstanding the foregoing, at any time after the grant of Restricted Stock Units, the Administrator, in its sole discretion, may reduce or waive any vesting criteria that must be met to receive a payout.

(d) Form and Timing of Payment. Payment of earned Restricted Stock Units will be made as soon as practicable after the date(s) determined by the Administrator and set forth in the

Award Agreement. The Administrator, in its sole discretion, may only settle earned Restricted Stock Units in cash, Shares, or a combination of both.

(e) Cancellation. On the date set forth in the Award Agreement, all unearned Restricted Stock Units will be forfeited to the Company.

9. Stock Appreciation Rights.

(a) Grant of Stock Appreciation Rights. Subject to the terms and conditions of the Plan, a Stock Appreciation Right may be granted to Service Providers at any time and from time to time as will be determined by the Administrator, in its sole discretion.

(b) Number of Shares. The Administrator will have complete discretion to determine the number of Stock Appreciation Rights granted to any Service Provider.

(c) Exercise Price and Other Terms. The per share exercise price for the Shares to be issued pursuant to exercise of a Stock Appreciation Right will be determined by the Administrator and will be no less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant. Otherwise, the Administrator, subject to the provisions of the Plan, will have complete discretion to determine the terms and conditions of Stock Appreciation Rights granted under the Plan.

(d) Stock Appreciation Right Agreement. Each Stock Appreciation Right grant will be evidenced by an Award Agreement that will specify the exercise price, the term of the Stock Appreciation Right, the conditions of exercise, and such other terms and conditions as the Administrator, in its sole discretion, will determine.

(e) Expiration of Stock Appreciation Rights. A Stock Appreciation Right granted under the Plan will expire upon the date determined by the Administrator, in its sole discretion, and set forth in the Award Agreement. Notwithstanding the foregoing, the rules of Section 6(b) relating to the maximum term and Section 6(d) relating to exercise also will apply to Stock Appreciation Rights.

(f) Payment of Stock Appreciation Right Amount. Upon exercise of a Stock Appreciation Right, a Participant will be entitled to receive payment from the Company in an amount determined by multiplying:

(i) The difference between the Fair Market Value of a Share on the date of exercise over the exercise price; times

(ii) The number of Shares with respect to which the Stock Appreciation Right is exercised.

At the discretion of the Administrator, the payment upon Stock Appreciation Right exercise may be in cash, in Shares of equivalent value, or in some combination thereof.

10. Performance Units and Performance Shares.

(a) Grant of Performance Units/Shares. Performance Units and Performance Shares may be granted to Service Providers at any time and from time to time, as will be determined by the Administrator, in its sole discretion. The Administrator will have complete discretion in determining the number of Performance Units and Performance Shares granted to each Participant.

(b) Value of Performance Units/Shares. Each Performance Unit will have an initial value that is established by the Administrator on or before the date of grant. Each Performance Share will have an initial value equal to the Fair Market Value of a Share on the date of grant.

(c) Performance Objectives and Other Terms. The Administrator will set performance objectives or other vesting provisions (including, without limitation, continued status as a Service Provider) in its discretion which, depending on the extent to which they are met, will determine the number or value of Performance Units/Shares that will be paid out to the Service Providers. The time period during which the performance objectives or other vesting provisions must be met will be called the "Performance Period." Each Award of Performance Units/Shares will be evidenced by an Award Agreement that will specify the Performance Period, and such other terms and conditions as the Administrator, in its sole discretion, will determine. The Administrator may set performance objectives based upon the achievement of Company-wide, divisional, or individual goals, applicable federal or state securities laws, or any other basis determined by the Administrator in its discretion.

(d) Earning of Performance Units/Shares. After the applicable Performance Period has ended, the holder of Performance Units/Shares will be entitled to receive a payout of the number of Performance Units/Shares earned by the Participant over the Performance Period, to be determined as a function of the extent to which the corresponding performance objectives or other vesting provisions have been achieved. After the grant of a Performance Unit/Share, the Administrator, in its sole discretion, may reduce or waive any performance objectives or other vesting provisions for such Performance Unit/Share.

(e) Form and Timing of Payment of Performance Units/Shares. Payment of earned Performance Units/Shares will be made as soon as practicable after the expiration of the applicable Performance Period. The Administrator, in its sole discretion, may pay earned Performance Units/Shares in the form of cash, in Shares (which have an aggregate Fair Market Value equal to the value of the earned Performance Units/Shares at the close of the applicable Performance Period) or in a combination thereof.

(f) Cancellation of Performance Units/Shares. On the date set forth in the Award Agreement, all unearned or unvested Performance Units/Shares will be forfeited to the Company, and again will be available for grant under the Plan.

11. Leaves of Absence/Transfer Between Locations. Unless the Administrator provides otherwise or contrary to Applicable Laws, vesting of Awards granted hereunder will be suspended during any unpaid leave of absence. A Participant will not cease to be an Employee in the case of (i) any leave of absence approved by the Company or (ii) transfers between locations of the Company or between the Company, its Parent, or any Subsidiary. For purposes of Incentive Stock Options, no such leave may exceed three (3) months, unless reemployment upon expiration of such

leave is guaranteed by statute or contract. If reemployment upon expiration of a leave of absence approved by the Company is not so guaranteed, then six (6) months following the first (1st) day of such leave any Incentive Stock Option held by the Participant will cease to be treated as an Incentive Stock Option and will be treated for tax purposes as a Nonstatutory Stock Option.

12. Transferability of Awards. Unless determined otherwise by the Administrator, an Award may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent or distribution and may be exercised, during the lifetime of the Participant, only by the Participant. If the Administrator makes an Award transferable, such Award will contain such additional terms and conditions as the Administrator deems appropriate.

13. Adjustments; Dissolution or Liquidation; Merger or Change in Control.

(a) Adjustments. In the event that any dividend or other distribution (whether in the form of cash, Shares, other securities, or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Shares or other securities of the Company, or other change in the corporate structure of the Company affecting the Shares occurs, the Administrator, in order to prevent diminution or enlargement of the benefits or potential benefits intended to be made available under the Plan, will adjust the number and class of Shares that may be delivered under the Plan and/or the number, class, and price of Shares covered by each outstanding Award and the numerical Share limits in Section 3 of the Plan.

(b) Dissolution or Liquidation. In the event of the proposed dissolution or liquidation of the Company, the Administrator will notify each Participant as soon as practicable prior to the effective date of such proposed transaction. To the extent it has not been previously exercised, an Award will terminate immediately prior to the consummation of such proposed action.

(c) Change in Control. In the event of a merger or Change in Control, each outstanding Award will be treated as the Administrator determines, including, without limitation, that each Award be assumed or an equivalent option or right substituted by the successor corporation or a Parent or Subsidiary of the successor corporation. The Administrator will not be required to treat all Awards similarly in the transaction.

In the event that the successor corporation does not assume or substitute for the Award, the Participant will fully vest in and have the right to exercise all of his or her outstanding Options and Stock Appreciation Rights, including Shares as to which such Awards would not otherwise be vested or exercisable, all restrictions on Restricted Stock and Restricted Stock Units will lapse, and, with respect to Awards with performance-based vesting, all performance goals or other vesting criteria will be deemed achieved at one hundred percent (100%) of target levels and all other terms and conditions met. In addition, if an Option or Stock Appreciation Right is not assumed or substituted in the event of a Change in Control, the Administrator will notify the Participant in writing or electronically that the Option or Stock Appreciation Right will be exercisable for a period of time determined by the Administrator in its sole discretion, and the Option or Stock Appreciation Right will terminate upon the expiration of such period.

For the purposes of this subsection (c), an Award will be considered assumed if, following the Change in Control, the Award confers the right to purchase or receive, for each Share subject to the Award immediately prior to the Change in Control, the consideration (whether stock, cash, or other securities or property) received in the Change in Control by holders of Common Stock for each Share held on the effective date of the transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Shares); provided, however, that if such consideration received in the Change in Control is not solely common stock of the successor corporation or its Parent, the Administrator may, with the consent of the successor corporation, provide for the consideration to be received upon the exercise of an Option or Stock Appreciation Right or upon the payout of a Restricted Stock Unit, Performance Unit or Performance Share, for each Share subject to such Award, to be solely common stock of the successor corporation or its Parent equal in fair market value to the per share consideration received by holders of Common Stock in the Change in Control.

Notwithstanding anything in this Section 13(c) to the contrary, an Award that vests, is earned or paid-out upon the satisfaction of one or more performance goals will not be considered assumed if the Company or its successor modifies any of such performance goals without the Participant's consent; provided, however, a modification to such performance goals only to reflect the successor corporation's post-Change in Control corporate structure will not be deemed to invalidate an otherwise valid Award assumption.

(d) Outside Director Awards. With respect to Awards granted to an Outside Director that are assumed or substituted for, if on the date of or following such assumption or substitution the Participant's status as a Director or a director of the successor corporation, as applicable, is terminated other than upon a voluntary resignation by the Participant (unless such resignation is at the request of the acquirer), then the Participant will fully vest in and have the right to exercise Options and/or Stock Appreciation Rights as to all of the Shares underlying such Award, including those Shares which would not otherwise be vested or exercisable, all restrictions on Restricted Stock and Restricted Stock Units will lapse, and, with respect to Performance Units and Performance Shares, all performance goals or other vesting criteria will be deemed achieved at one hundred percent (100%) of target levels and all other terms and conditions met.

14. Tax.

(a) Withholding Requirements. Prior to the delivery of any Shares or cash pursuant to an Award (or exercise thereof), the Company will have the power and the right to deduct or withhold, or require a Participant to remit to the Company, an amount sufficient to satisfy federal, state, local, foreign or other taxes and social insurance contributions (including the Participant's FICA obligation) required to be withheld with respect to such Award (or exercise thereof).

(b) Withholding Arrangements. The Administrator, in its sole discretion and pursuant to such procedures as it may specify from time to time, may permit a Participant to satisfy such tax withholding obligation, in whole or in part by (without limitation) (a) paying cash, (b) electing to have the Company withhold otherwise deliverable cash or Shares having a Fair Market Value equal to the minimum statutory amount required to be withheld, or (c) delivering to the Company already-owned Shares having a Fair Market Value equal to the minimum statutory

amount required to be withheld. The Fair Market Value of the Shares to be withheld or delivered will be determined as of the date that the taxes are required to be withheld.

(c) Compliance With Code Section 409A. Awards will be designed and operated in such a manner that they are either exempt from the application of, or comply with, the requirements of Code Section 409A such that the grant, payment, settlement or deferral will not be subject to the additional tax or interest applicable under Code Section 409A, except as otherwise determined in the sole discretion of the Administrator. The Plan and each Award Agreement under the Plan is intended to meet the requirements of Code Section 409A and will be construed and interpreted in accordance with such intent, except as otherwise determined in the sole discretion of the Administrator. To the extent that an Award or payment, or the settlement or deferral thereof, is subject to Code Section 409A the Award will be granted, paid, settled or deferred in a manner that will meet the requirements of Code Section 409A, such that the grant, payment, settlement or deferral will not be subject to the additional tax or interest applicable under Code Section 409A.

15. No Effect on Employment or Service. Neither the Plan nor any Award will confer upon a Participant any right with respect to continuing the Participant's relationship as a Service Provider with the Participant's employer or contracting company, nor will they interfere in any way with the Participant's right or the Participant's employer or contracting company's right to terminate such relationship at any time, with or without cause, to the extent permitted by Applicable Laws.

16. Date of Grant. The date of grant of an Award will be, for all purposes, the date on which the Administrator makes the determination granting such Award, or such other later date as is determined by the Administrator. Notice of the determination will be provided to each Participant within a reasonable time after the date of such grant.

17. Term of Plan. Subject to Section 21 of the Plan, the Plan will become effective upon its adoption by the Board. It will continue in effect for a term of ten (10) years from the date adopted by the Board, unless terminated earlier under Section 18 of the Plan.

18. Amendment and Termination of the Plan.

(a) Amendment and Termination. The Board may at any time amend, alter, suspend or terminate the Plan.

(b) Stockholder Approval. The Company will obtain stockholder approval of any Plan amendment to the extent necessary and desirable to comply with Applicable Laws.

(c) Effect of Amendment or Termination. No amendment, alteration, suspension or termination of the Plan will impair the rights of any Participant, unless mutually agreed otherwise between the Participant and the Administrator, which agreement must be in writing and signed by the Participant and the Company. Termination of the Plan will not affect the Administrator's ability to exercise the powers granted to it hereunder with respect to Awards granted under the Plan prior to the date of such termination.

19. Conditions Upon Issuance of Shares.

(a) Legal Compliance. Shares will not be issued pursuant to the exercise of an Award unless the exercise of such Award and the issuance and delivery of such Shares will comply with Applicable Laws and will be further subject to the approval of counsel for the Company with respect to such compliance.

(b) Investment Representations. As a condition to the exercise of an Award, the Company may require the person exercising such Award to represent and warrant at the time of any such exercise that the Shares are being purchased only for investment and without any present intention to sell or distribute such Shares if, in the opinion of counsel for the Company, such a representation is required.

20. Inability to Obtain Authority. The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, will relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority will not have been obtained.

21. Stockholder Approval. The Plan will be subject to approval by the stockholders of the Company within twelve (12) months after the date the Plan is adopted by the Board. Such stockholder approval will be obtained in the manner and to the degree required under Applicable Laws.

FORTINET, INC.

2009 EQUITY INCENTIVE PLAN

RESTRICTED STOCK UNIT AWARD AGREEMENT

Unless otherwise defined herein, the terms defined in the Fortinet, Inc. 2009 Equity Incentive Plan (the "Plan") will have the same defined meanings in this Restricted Stock Unit Award Agreement (the "Award Agreement").

I. NOTICE OF RESTRICTED STOCK UNIT GRANT

Participant Name:

Address:

You have been granted the right to receive an Award of Restricted Stock Units, subject to the terms and conditions of the Plan and this Award Agreement, as follows:

Grant Number _____

Date of Grant _____

Vesting Commencement Date _____

Number of Restricted Stock Units _____

Vesting Schedule:

Subject to any acceleration provisions contained in the Plan or set forth below, the Restricted Stock Unit will vest in accordance with the following schedule:

[INSERT VESTING SCHEDULE.]

In the event Participant ceases to be a Service Provider for any or no reason before Participant vests in the Restricted Stock Unit, the Restricted Stock Unit and Participant's right to acquire any Shares hereunder will immediately terminate.

By Participant's signature and the signature of the representative of Fortinet, Inc. (the "Company") below, Participant and the Company agree that this Award of Restricted Stock Units is granted under and governed by the terms and conditions of the Plan and this Award Agreement, including the Terms and Conditions of Restricted Stock Unit Grant, attached hereto as Exhibit A, all of which are made a part of this document. Participant has reviewed the Plan and this Award Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Award Agreement and fully understands all provisions of the Plan and Award Agreement. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions relating to the Plan and Award Agreement. Participant further agrees to notify the Company upon any change in the residence address indicated below.

PARTICIPANT:

FORTINET, INC.

Signature

By

Print Name

Title

Residence Address:

EXHIBIT A

TERMS AND CONDITIONS OF RESTRICTED STOCK UNIT GRANT

1. Grant. The Company hereby grants to the individual named in the Notice of Grant attached as Part I of this Award Agreement (the "Participant") under the Plan an Award of Restricted Stock Units, subject to all of the terms and conditions in this Award Agreement and the Plan, which is incorporated herein by reference. Subject to Section 19 of the Plan, in the event of a conflict between the terms and conditions of the Plan and the terms and conditions of this Award Agreement, the terms and conditions of the Plan will prevail.

2. Company's Obligation to Pay. Each Restricted Stock Unit represents the right to receive a Share on the date it vests. Unless and until the Restricted Stock Units will have vested in the manner set forth in Section 3, Participant will have no right to payment of any such Restricted Stock Units. Prior to actual payment of any vested Restricted Stock Units, such Restricted Stock Unit will represent an unsecured obligation of the Company, payable (if at all) only from the general assets of the Company. Any Restricted Stock Units that vest in accordance with Sections 3 or 4 will be paid to Participant (or in the event of Participant's death, to his or her estate) in whole Shares, subject to Participant satisfying any applicable tax withholding obligations as set forth in Section 7. Subject to the provisions of Section 4, such vested Restricted Stock Units will be paid in Shares as soon as practicable after vesting, but in each such case within the period ending no later than the date that is two and one-half (2 ½) months from the end of the Company's tax year that includes the vesting date.

3. Vesting Schedule. Except as provided in Section 4, and subject to Section 5, the Restricted Stock Units awarded by this Award Agreement will vest in accordance with the vesting provisions set forth in the Notice of Grant. Restricted Stock Units scheduled to vest on a certain date or upon the occurrence of a certain condition will not vest in Participant in accordance with any of the provisions of this Award Agreement, unless Participant will have been continuously a Service Provider from the Date of Grant until the date such vesting occurs.

4. Administrator Discretion. The Administrator, in its discretion, may accelerate the vesting of the balance, or some lesser portion of the balance, of the unvested Restricted Stock Units at any time, subject to the terms of the Plan. If so accelerated, such Restricted Stock Units will be considered as having vested as of the date specified by the Administrator.

Notwithstanding anything in the Plan or this Award Agreement to the contrary, if the vesting of the balance, or some lesser portion of the balance, of the Restricted Stock Units is accelerated in connection with Participant's termination as a Service Provider (provided that such termination is a "separation from service" within the meaning of Section 409A, as determined by the Company), other than due to death**,** and if (x) Participant is a "specified employee" within the meaning of Section 409A at the time of such termination as a Service Provider and (y) the payment of such accelerated Restricted Stock Units will result in the imposition of additional tax under Section 409A if paid to Participant on or within the six (6) month period following Participant's termination as a Service Provider, then the payment of such accelerated Restricted Stock Units will not be made until the date six (6) months and one (1) day following the date of Participant's termination as a Service Provider, unless the Participant dies

following his or her termination as a Service Provider, in which case, the Restricted Stock Units will be paid in Shares to the Participant's estate as soon as practicable following his or her death. It is the intent of this Award Agreement to comply with the requirements of Section 409A so that none of the Restricted Stock Units provided under this Award Agreement or Shares issuable thereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities herein will be interpreted to so comply. For purposes of this Award Agreement, "Section 409A" means Section 409A of the Code, and any proposed, temporary or final Treasury Regulations and Internal Revenue Service guidance thereunder, as each may be amended from time to time.

5. Forfeiture upon Termination of Status as a Service Provider. Notwithstanding any contrary provision of this Award Agreement, the balance of the Restricted Stock Units that have not vested as of the time of Participant's termination as a Service Provider for any or no reason and Participant's right to acquire any Shares hereunder will immediately terminate.

6. Death of Participant. Any distribution or delivery to be made to Participant under this Award Agreement will, if Participant is then deceased, be made to Participant's designated beneficiary, or if no beneficiary survives Participant, the administrator or executor of Participant's estate. Any such transferee must furnish the Company with (a) written notice of his or her status as transferee, and (b) evidence satisfactory to the Company to establish the validity of the transfer and compliance with any laws or regulations pertaining to said transfer.

7. Withholding of Taxes. Notwithstanding any contrary provision of this Award Agreement, no certificate representing the Shares will be issued to Participant, unless and until satisfactory arrangements (as determined by the Administrator) will have been made by Participant with respect to the payment of income, employment and other taxes which the Company determines must be withheld with respect to such Shares. The Administrator, in its sole discretion and pursuant to such procedures as it may specify from time to time, may permit Participant to satisfy such tax withholding obligation, in whole or in part (without limitation) by (a) paying cash, (b) electing to have the Company withhold otherwise deliverable Shares having a Fair Market Value equal to the minimum amount required to be withheld, (c) delivering to the Company already vested and owned Shares having a Fair Market Value equal to the amount required to be withheld, or (d) selling a sufficient number of such Shares otherwise deliverable to Participant through such means as the Company may determine in its sole discretion (whether through a broker or otherwise) equal to the amount required to be withheld. To the extent determined appropriate by the Company in its discretion, it will have the right (but not the obligation) to satisfy any tax withholding obligations by reducing the number of Shares otherwise deliverable to Participant. If Participant fails to make satisfactory arrangements for the payment of any required tax withholding obligations hereunder at the time any applicable Restricted Stock Units otherwise are scheduled to vest pursuant to Sections 3 or 4, Participant will permanently forfeit such Restricted Stock Units and any right to receive Shares thereunder and the Restricted Stock Units will be returned to the Company at no cost to the Company.

8. Rights as Stockholder. Neither Participant nor any person claiming under or through Participant will have any of the rights or privileges of a stockholder of the Company in respect of any Shares deliverable hereunder unless and until certificates representing such Shares will have been issued, recorded on the records of the Company or its transfer agents or registrars,

and delivered to Participant. After such issuance, recordation and delivery, Participant will have all the rights of a stockholder of the Company with respect to voting such Shares and receipt of dividends and distributions on such Shares.

9. No Guarantee of Continued Service. PARTICIPANT ACKNOWLEDGES AND AGREES THAT THE VESTING OF THE RESTRICTED STOCK UNITS PURSUANT TO THE VESTING SCHEDULE HEREOF IS EARNED ONLY BY CONTINUING AS A SERVICE PROVIDER AT THE WILL OF THE COMPANY (OR THE PARENT OR SUBSIDIARY EMPLOYING OR RETAINING PARTICIPANT) AND NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THIS AWARD OF RESTRICTED STOCK UNITS OR ACQUIRING SHARES HEREUNDER. PARTICIPANT FURTHER ACKNOWLEDGES AND AGREES THAT THIS AWARD AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREUNDER AND THE VESTING SCHEDULE SET FORTH HEREIN DO NOT CONSTITUTE AN EXPRESS OR IMPLIED PROMISE OF CONTINUED ENGAGEMENT AS A SERVICE PROVIDER FOR THE VESTING PERIOD, FOR ANY PERIOD, OR AT ALL, AND WILL NOT INTERFERE IN ANY WAY WITH PARTICIPANT'S RIGHT OR THE RIGHT OF THE COMPANY (OR THE PARENT OR SUBSIDIARY EMPLOYING OR RETAINING PARTICIPANT) TO TERMINATE PARTICIPANT'S RELATIONSHIP AS A SERVICE PROVIDER AT ANY TIME, WITH OR WITHOUT CAUSE.

10. Address for Notices. Any notice to be given to the Company under the terms of this Award Agreement will be addressed to the Company, in care of Stock Administration at Fortinet, Inc., at 1090 Kifer Road, Sunnyvale, CA 94086, or at such other address as the Company may hereafter designate in writing.

11. Grant is Not Transferable. Except to the limited extent provided in Section 6, this grant and the rights and privileges conferred hereby will not be transferred, assigned, pledged or hypothecated in any way (whether by operation of law or otherwise) and will not be subject to sale under execution, attachment or similar process. Upon any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of this grant, or any right or privilege conferred hereby, or upon any attempted sale under any execution, attachment or similar process, this grant and the rights and privileges conferred hereby immediately will become null and void.

12. Binding Agreement. Subject to the limitation on the transferability of this grant contained herein, this Award Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

13. Additional Conditions to Issuance of Stock. If at any time the Company will determine, in its discretion, that the listing, registration or qualification of the Shares upon any securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory authority is necessary or desirable as a condition to the issuance of Shares to Participant (or his or her estate), such issuance will not occur unless and until such listing, registration, qualification, consent or approval will have been effected or obtained free of any conditions not acceptable to the Company. Where the Company determines that the delivery of the payment of any Shares will violate federal securities laws or other applicable laws, the Company will defer delivery until the earliest date at which the Company reasonably anticipates

that the delivery of Shares will no longer cause such violation. The Company will make all reasonable efforts to meet the requirements of any such state or federal law or securities exchange and to obtain any such consent or approval of any such governmental authority.

14. Plan Governs. This Award Agreement is subject to all terms and provisions of the Plan. In the event of a conflict between one or more provisions of this Award Agreement and one or more provisions of the Plan, the provisions of the Plan will govern. Capitalized terms used and not defined in this Award Agreement will have the meaning set forth in the Plan.

15. Administrator Authority. The Administrator will have the power to interpret the Plan and this Award Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revoke any such rules (including, but not limited to, the determination of whether or not any Restricted Stock Units have vested). All actions taken and all interpretations and determinations made by the Administrator in good faith will be final and binding upon Participant, the Company and all other interested persons. No member of the Administrator will be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or this Award Agreement.

16. Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to Restricted Stock Units awarded under the Plan or future Restricted Stock Units that may be awarded under the Plan by electronic means or request Participant's consent to participate in the Plan by electronic means. Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through any on-line or electronic system established and maintained by the Company or another third party designated by the Company.

17. Captions. Captions provided herein are for convenience only and are not to serve as a basis for interpretation or construction of this Award Agreement.

18. Agreement Severable. In the event that any provision in this Award Agreement will be held invalid or unenforceable, such provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of this Award Agreement.

19. Modifications to the Agreement. This Award Agreement constitutes the entire understanding of the parties on the subjects covered. Participant expressly warrants that he or she is not accepting this Award Agreement in reliance on any promises, representations, or inducements other than those contained herein. Modifications to this Award Agreement or the Plan can be made only in an express written contract executed by a duly authorized officer of the Company. Notwithstanding anything to the contrary in the Plan or this Award Agreement, the Company reserves the right to revise this Award Agreement as it deems necessary or advisable, in its sole discretion and without the consent of Participant, to comply with Section 409A or to otherwise avoid imposition of any additional tax or income recognition under Section 409A in connection to this Award of Restricted Stock Units.

20 Amendment, Suspension or Termination of the Plan. By accepting this Award,

Participant expressly warrants that he or she has received an Award of Restricted Stock Units under the Plan, and has received, read and understood a description of the Plan. Participant understands that the Plan is discretionary in nature and may be amended, suspended or terminated by the Company at any time.

21. Governing Law. This Award Agreement will be governed by the laws of the State of California, without giving effect to the conflict of law principles thereof. For purposes of litigating any dispute that arises under this Award of Restricted Stock or this Award Agreement, the parties hereby submit to and consent to the jurisdiction of the State of California**,** and agree that such litigation will be conducted in the courts of Santa Clara County, California**,** or the federal courts for the United States for the Northern District of California, and no other courts, where this Award of Restricted Stock is made and/or to be performed.

FORTINET, INC.

2009 EQUITY INCENTIVE PLAN

RESTRICTED STOCK AWARD AGREEMENT

Unless otherwise defined herein, the terms defined in the Fortinet, Inc. 2009 Equity Incentive Plan (the "Plan") will have the same defined meanings in this Restricted Stock Award Agreement (the "Award Agreement").

I. NOTICE OF RESTRICTED STOCK GRANT

Participant Name:

Address:

You have been granted the right to receive an Award of Restricted Stock, subject to the terms and conditions of the Plan and this Award Agreement, as follows:

Grant Number _____

Date of Grant _____

Vesting Commencement Date _____

Total Number of Shares Granted _____

Vesting Schedule:

Subject to any acceleration provisions contained in the Plan or set forth below, the Restricted Stock will vest and the Company's right to reacquire the Restricted Stock will lapse in accordance with the following schedule:

[INSERT VESTING SCHEDULE]

By Participant's signature and the signature of the representative of Fortinet, Inc. (the "Company") below, Participant and the Company agree that this Award of Restricted Stock is granted under and governed by the terms and conditions of the Plan and this Award Agreement, including the Terms and Conditions of Restricted Stock Grant, attached hereto as Exhibit A, all of which are made a part of this document. Participant has reviewed the Plan and this Award Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Award Agreement and fully understands all provisions of the Plan and Award Agreement. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions relating to the Plan and Award Agreement. Participant further agrees to notify the Company upon any change in the residence address indicated below.

PARTICIPANT:

FORTINET, INC.

Signature

By

Print Name

Title

Residence Address:

EXHIBIT A

TERMS AND CONDITIONS OF RESTRICTED STOCK GRANT

1. Grant of Restricted Stock. The Company hereby grants to the individual named in the Notice of Grant attached as Part I of this Award Agreement (the "Participant") under the Plan for past services and as a separate incentive in connection with his or her services and not in lieu of any salary or other compensation for his or her services, an Award of Shares of Restricted Stock, subject to all of the terms and conditions in this Award Agreement and the Plan, which is incorporated herein by reference. Subject to Section 19 of the Plan, in the event of a conflict between the terms and conditions of the Plan and the terms and conditions of this Award Agreement, the terms and conditions of the Plan will prevail.

2. Escrow of Shares.

(a) All Shares of Restricted Stock will, upon execution of this Award Agreement, be delivered and deposited with an escrow holder designated by the Company (the "Escrow Holder"). The Shares of Restricted Stock will be held by the Escrow Holder until such time as the Shares of Restricted Stock vest or the date Participant ceases to be a Service Provider.

(b) The Escrow Holder will not be liable for any act it may do or omit to do with respect to holding the Shares of Restricted Stock in escrow while acting in good faith and in the exercise of its judgment.

(c) Upon Participant's termination as a Service Provider for any reason, the Escrow Holder, upon receipt of written notice of such termination, will take all steps necessary to accomplish the transfer of the unvested Shares of Restricted Stock to the Company. Participant hereby appoints the Escrow Holder with full power of substitution, as Participant's true and lawful attorney-in-fact with irrevocable power and authority in the name and on behalf of Participant to take any action and execute all documents and instruments, including, without limitation, stock powers which may be necessary to transfer the certificate or certificates evidencing such unvested Shares of Restricted Stock to the Company upon such termination.

(d) The Escrow Holder will take all steps necessary to accomplish the transfer of Shares of Restricted Stock to Participant after they vest following Participant's request that the Escrow Holder do so.

(e) Subject to the terms hereof, Participant will have all the rights of a stockholder with respect to the Shares while they are held in escrow, including without limitation, the right to vote the Shares and to receive any cash dividends declared thereon.

(f) In the event of any dividend or other distribution (whether in the form of cash, Shares, other securities, or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Shares or other securities of the Company, or other change in the corporate structure of the Company affecting the Shares, the Shares of Restricted Stock will be increased, reduced or otherwise changed, and by virtue of any such change Participant will in his or her capacity as

owner of unvested Shares of Restricted Stock be entitled to new or additional or different shares of stock, cash or securities (other than rights or warrants to purchase securities); such new or additional or different shares, cash or securities will thereupon be considered to be unvested Shares of Restricted Stock and will be subject to all of the conditions and restrictions which were applicable to the unvested Shares of Restricted Stock pursuant to this Award Agreement. If Participant receives rights or warrants with respect to any unvested Shares of Restricted Stock, such rights or warrants may be held or exercised by Participant, provided that until such exercise any such rights or warrants and after such exercise any shares or other securities acquired by the exercise of such rights or warrants will be considered to be unvested Shares of Restricted Stock and will be subject to all of the conditions and restrictions which were applicable to the unvested Shares of Restricted Stock pursuant to this Award Agreement. The Administrator in its absolute discretion at any time may accelerate the vesting of all or any portion of such new or additional shares of stock, cash or securities, rights or warrants to purchase securities or shares or other securities acquired by the exercise of such rights or warrants.

(g) The Company may instruct the transfer agent for its Common Stock to place a legend on the certificates representing the Restricted Stock or otherwise note its records as to the restrictions on transfer set forth in this Award Agreement.

3. Vesting Schedule. Except as provided in Section 4, and subject to Section 5, the Shares of Restricted Stock awarded by this Award Agreement will vest in accordance with the vesting provisions set forth in the Notice of Grant. Shares of Restricted Stock scheduled to vest on a certain date or upon the occurrence of a certain condition will not vest in Participant in accordance with any of the provisions of this Award Agreement, unless Participant will have been continuously a Service Provider from the Date of Grant until the date such vesting occurs.

4. Administrator Discretion. The Administrator, in its discretion, may accelerate the vesting of the balance, or some lesser portion of the balance, of the unvested Restricted Stock at any time, subject to the terms of the Plan. If so accelerated, such Restricted Stock will be considered as having vested as of the date specified by the Administrator.

5. Forfeiture upon Termination of Status as a Service Provider. Notwithstanding any contrary provision of this Award Agreement, the balance of the Shares of Restricted Stock that have not vested at the time of Participant's termination as a Service Provider for any reason will be forfeited and automatically transferred to and reacquired by the Company at no cost to the Company upon the date of such termination and Participant will have no further rights thereunder. Participant will not be entitled to a refund of the price paid for the Shares of Restricted Stock, if any, returned to the Company pursuant to this Section 5. Participant hereby appoints the Escrow Agent with full power of substitution, as Participant's true and lawful attorney-in-fact with irrevocable power and authority in the name and on behalf of Participant to take any action and execute all documents and instruments, including, without limitation, stock powers which may be necessary to transfer the certificate or certificates evidencing such unvested Shares to the Company upon such termination of service.

6. Death of Participant. Any distribution or delivery to be made to Participant under this Award Agreement will, if Participant is then deceased, be made to Participant's designated beneficiary, or if no beneficiary survives Participant, the administrator or executor of

Participant's estate. Any such transferee must furnish the Company with (a) written notice of his or her status as transferee, and (b) evidence satisfactory to the Company to establish the validity of the transfer and compliance with any laws or regulations pertaining to said transfer.

7. Withholding of Taxes. Notwithstanding any contrary provision of this Award Agreement, no certificate representing the Shares of Restricted Stock may be released from the escrow established pursuant to Section 2, unless and until satisfactory arrangements (as determined by the Administrator) will have been made by Participant with respect to the payment of income, employment and other taxes which the Company determines must be withheld with respect to such Shares. The Administrator, in its sole discretion and pursuant to such procedures as it may specify from time to time, may permit Participant to satisfy such tax withholding obligation, in whole or in part (without limitation) by (a) paying cash, (b) electing to have the Company withhold otherwise deliverable Shares having a Fair Market Value equal to the minimum amount required to be withheld, (c) delivering to the Company already vested and owned Shares having a Fair Market Value equal to the amount required to be withheld, or (d) selling a sufficient number of such Shares otherwise deliverable to Participant through such means as the Company may determine in its sole discretion (whether through a broker or otherwise) equal to the amount required to be withheld. To the extent determined appropriate by the Company in its discretion, it will have the right (but not the obligation) to satisfy any tax withholding obligations by reducing the number of Shares otherwise deliverable to Participant. If Participant fails to make satisfactory arrangements for the payment of any required tax withholding obligations hereunder at the time any applicable Shares otherwise are scheduled to vest pursuant to Sections 3 or 4, Participant will permanently forfeit such Shares and the Shares will be returned to the Company at no cost to the Company.

8. Rights as Stockholder. Neither Participant nor any person claiming under or through Participant will have any of the rights or privileges of a stockholder of the Company in respect of any Shares deliverable hereunder unless and until certificates representing such Shares will have been issued, recorded on the records of the Company or its transfer agents or registrars, and delivered to Participant or the Escrow Agent. Except as provided in Section 2, after such issuance, recordation and delivery, Participant will have all the rights of a stockholder of the Company with respect to voting such Shares and receipt of dividends and distributions on such Shares.

9. No Guarantee of Continued Service. PARTICIPANT ACKNOWLEDGES AND AGREES THAT THE VESTING OF THE SHARES OF RESTRICTED STOCK PURSUANT TO THE VESTING SCHEDULE HEREOF IS EARNED ONLY BY CONTINUING AS A SERVICE PROVIDER AT THE WILL OF THE COMPANY (OR THE PARENT OR SUBSIDIARY EMPLOYING OR RETAINING PARTICIPANT) AND NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THIS RESTRICTED STOCK OR ACQUIRING SHARES HEREUNDER. PARTICIPANT FURTHER ACKNOWLEDGES AND AGREES THAT THIS AWARD AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREUNDER AND THE VESTING SCHEDULE SET FORTH HEREIN DO NOT CONSTITUTE AN EXPRESS OR IMPLIED PROMISE OF CONTINUED ENGAGEMENT AS A SERVICE PROVIDER FOR THE VESTING PERIOD, FOR ANY PERIOD, OR AT ALL, AND WILL NOT INTERFERE IN ANY WAY WITH PARTICIPANT'S RIGHT OR THE RIGHT OF THE COMPANY (OR THE PARENT OR SUBSIDIARY EMPLOYING OR

RETAINING PARTICIPANT) TO TERMINATE PARTICIPANT'S RELATIONSHIP AS A SERVICE PROVIDER AT ANY TIME, WITH OR WITHOUT CAUSE.

10. Address for Notices. Any notice to be given to the Company under the terms of this Award Agreement will be addressed to the Company, in care of Stock Administration at Fortinet, Inc., 1090 Kifer Road, Sunnyvale, CA 94086, or at such other address as the Company may hereafter designate in writing.

11. Grant is Not Transferable. Except to the limited extent provided in Section 6, the unvested Shares subject to this grant and the rights and privileges conferred hereby will not be transferred, assigned, pledged or hypothecated in any way (whether by operation of law or otherwise) and will not be subject to sale under execution, attachment or similar process. Upon any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of any unvested Shares of Restricted Stock subject to this grant, or any right or privilege conferred hereby, or upon any attempted sale under any execution, attachment or similar process, this grant and the rights and privileges conferred hereby immediately will become null and void.

12. Binding Agreement. Subject to the limitation on the transferability of this grant contained herein, this Award Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

13. Additional Conditions to Release from Escrow. The Company will not be required to issue any certificate or certificates for Shares hereunder or release such Shares from the escrow established pursuant to Section 2 prior to fulfillment of all the following conditions: (a) the admission of such Shares to listing on all stock exchanges on which such class of stock is then listed; (b) the completion of any registration or other qualification of such Shares under any state or federal law or under the rulings or regulations of the Securities and Exchange Commission or any other governmental regulatory body, which the Administrator will, in its absolute discretion, deem necessary or advisable; (c) the obtaining of any approval or other clearance from any state or federal governmental agency, which the Administrator will, in its absolute discretion, determine to be necessary or advisable; and (d) the lapse of such reasonable period of time following the date of grant of the Restricted Stock as the Administrator may establish from time to time for reasons of administrative convenience.

14. Plan Governs. This Award Agreement is subject to all terms and provisions of the Plan. In the event of a conflict between one or more provisions of this Award Agreement and one or more provisions of the Plan, the provisions of the Plan will govern. Capitalized terms used and not defined in this Award Agreement will have the meaning set forth in the Plan.

15. Administrator Authority. The Administrator will have the power to interpret the Plan and this Award Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revoke any such rules (including, but not limited to, the determination of whether or not any Shares of Restricted Stock have vested). All actions taken and all interpretations and determinations made by the Administrator in good faith will be final and binding upon Participant, the Company and all other interested persons. No member of the Administrator will be personally liable for any action,

determination or interpretation made in good faith with respect to the Plan or this Award Agreement.

16. Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to the Shares of Restricted Stock awarded under the Plan or future Restricted Stock that may be awarded under the Plan by electronic means or request Participant's consent to participate in the Plan by electronic means. Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through any on-line or electronic system established and maintained by the Company or another third party designated by the Company.

17. Captions. Captions provided herein are for convenience only and are not to serve as a basis for interpretation or construction of this Award Agreement.

18. Agreement Severable. In the event that any provision in this Award Agreement will be held invalid or unenforceable, such provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of this Award Agreement.

19. Modifications to the Agreement. This Award Agreement constitutes the entire understanding of the parties on the subjects covered. Participant expressly warrants that he or she is not accepting this Award Agreement in reliance on any promises, representations, or inducements other than those contained herein. Modifications to this Award Agreement or the Plan can be made only in an express written contract executed by a duly authorized officer of the Company. Notwithstanding anything to the contrary in the Plan or this Award Agreement, the Company reserves the right to revise this Award Agreement as it deems necessary or advisable, in its sole discretion and without the consent of Participant, to comply with Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") or to otherwise avoid imposition of any additional tax or income recognition under Section 409A of the Code in connection to this Award of Restricted Stock.

20. Amendment, Suspension or Termination of the Plan. By accepting this Award, Participant expressly warrants that he or she has received an Award of Restricted Stock under the Plan, and has received, read and understood a description of the Plan. Participant understands that the Plan is discretionary in nature and may be amended, suspended or terminated by the Company at any time.

21. Governing Law. This Award Agreement will be governed by the laws of the State of California, without giving effect to the conflict of law principles thereof. For purposes of litigating any dispute that arises under this Award of Restricted Stock or this Award Agreement, the parties hereby submit to and consent to the jurisdiction of the State of California**,** and agree that such litigation will be conducted in the courts of Santa Clara County, California**,** or the federal courts for the United States for the Northern District of California, and no other courts, where this Award of Restricted Stock is made and/or to be performed.

FORTINET, INC.

2009 EQUITY INCENTIVE PLAN

STOCK OPTION AWARD AGREEMENT

Unless otherwise defined herein, the terms defined in the Fortinet, Inc. 2009 Equity Incentive Plan (the "Plan") will have the same defined meanings in this Stock Option Award Agreement (the "Award Agreement").

I. NOTICE OF STOCK OPTION GRANT

Participant Name:

Address:

You have been granted an Option to purchase Common Stock of Fortinet, Inc. (the "Company"), subject to the terms and conditions of the Plan and this Award Agreement, as follows:

Grant Number	_____
Date of Grant	_____
Vesting Commencement Date	_____
Exercise Price per Share	$ _____
Total Number of Shares Granted	_____
Total Exercise Price	$ _____
Type of Option:	_____ Incentive Stock Option
	_____ Nonstatutory Stock Option
Term/Expiration Date:	_____

Vesting Schedule:

Subject to any acceleration provisions contained in the Plan or set forth below, this Option may be exercised, in whole or in part, in accordance with the following schedule:

[INSERT VESTING SCHEDULE]

Termination Period:

This Option will be exercisable for [three (3) months] after Participant ceases to be a Service Provider, unless such termination is due to Participant's death or Disability, in which case this Option will be exercisable for **[**twelve (12) months] after Participant ceases to be Service Provider. Notwithstanding the foregoing, in no event may this Option be exercised after the Term/Expiration

Date as provided above and may be subject to earlier termination as provided in Section 14(c) of the Plan.

By Participant's signature and the signature of the Company's representative below, Participant and the Company agree that this Option is granted under and governed by the terms and conditions of the Plan and this Award Agreement, including the Terms and Conditions of Stock Option Grant attached hereto as Exhibit A and the Additional Terms and Conditions of Stock Option Grant attached hereto as Exhibit B, all of which are made a part of this document. Participant has reviewed the Plan and this Award Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Award Agreement and fully understands all provisions of the Plan and Award Agreement. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions relating to the Plan and Award Agreement. Participant further agrees to notify the Company upon any change in the residence address indicated below.

PARTICIPANT:	FORTINET, INC.
_____	_____
Signature	By
_____	_____
Print Name	Title

Residence Address:

_____

_____

EXHIBIT A

TERMS AND CONDITIONS OF STOCK OPTION GRANT

1. Grant of Option. The Company hereby grants to the individual named in the Notice of Grant attached as Part I of this Award Agreement (the "Participant") an option (the "Option") to purchase the number of Shares, as set forth in the Notice of Grant, at the exercise price per Share set forth in the Notice of Grant (the "Exercise Price"), subject to all of the terms and conditions in this Award Agreement and the Plan, which is incorporated herein by reference. Subject to Section 19 of the Plan, in the event of a conflict between the terms and conditions of the Plan and the terms and conditions of this Award Agreement, the terms and conditions of the Plan will prevail.

If designated in the Notice of Grant as a U.S. Incentive Stock Option ("ISO"), this Option is intended to qualify as an ISO under Section 422 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"). However, if this Option is intended to be an ISO, to the extent that it exceeds the US$100,000 rule of Code Section 422(d) it will be treated as a U.S. Nonstatutory Stock Option ("NSO"). Further, if for any reason this Option (or portion thereof) will not qualify as an ISO, then, to the extent of such nonqualification, such Option (or portion thereof) shall be regarded as a NSO granted under the Plan. In no event will the Administrator, the Company or any Parent or Subsidiary or any of their respective employees or directors have any liability to Participant (or any other person) due to the failure of the Option to qualify for any reason as an ISO. Participants employed outside the U.S. will be granted NSOs.

2. Vesting Schedule. Except as provided in Section 3, the Option awarded by this Award Agreement will vest in accordance with the vesting provisions set forth in the Notice of Grant. Shares scheduled to vest on a certain date or upon the occurrence of a certain condition will not vest in Participant in accordance with any of the provisions of this Award Agreement, unless Participant will have been continuously a Service Provider from the Date of Grant until the date such vesting occurs.

3. Administrator Discretion. The Administrator, in its discretion, may accelerate the vesting of the balance, or some lesser portion of the balance, of the unvested Option at any time, subject to the terms of the Plan. If so accelerated, such Option will be considered as having vested as of the date specified by the Administrator.

4. Exercise of Option.

(a) Right to Exercise. This Option may be exercised only within the term set out in the Notice of Grant, and may be exercised during such term only in accordance with the Plan and the terms of this Award Agreement.

(b) Method of Exercise. This Option is exercisable by delivery of an exercise notice, in the form attached as Exhibit C (the "Exercise Notice") or in a manner and pursuant to such procedures as the Administrator may determine, which will state the election to exercise the Option, the number of Shares in respect of which the Option is being exercised (the "Exercised Shares"), and such other representations and agreements as may be required by the Company pursuant to the provisions of the Plan. The Exercise Notice will be completed by Participant and delivered to the

Company. The Exercise Notice will be accompanied by payment of the aggregate Exercise Price as to all Exercised Shares together with any applicable tax withholding. This Option will be deemed to be exercised upon receipt by the Company of such fully executed Exercise Notice accompanied by such aggregate Exercise Price.

5. Method of Payment. Payment of the aggregate Exercise Price will be by any of the following, or a combination thereof, at the election of Participant, unless otherwise provided in the Additional Terms and Conditions of Stock Option Grant attached hereto as Exhibit B.

(a) cash;

(b) check;

(c) consideration received by the Company under a formal cashless exercise program adopted by the Company in connection with the Plan; or

(d) for Participants located in the U.S., surrender of other Shares which have a Fair Market Value on the date of surrender equal to the aggregate Exercise Price of the Exercised Shares, provided that accepting such Shares, in the sole discretion of the Administrator, will not result in any adverse accounting consequences to the Company.

6. Tax Obligations.

(a) Responsibility for Taxes. Regardless of any action the Company and/or the Participant's employer (the "Employer") takes with respect to any or all income tax, social insurance, payroll tax, payment on account or other tax-related items arising out of Participant's participation in the Plan and legally applicable to Participant ("Tax-Related Items"), Participant acknowledges that the ultimate liability for all Tax-Related Items is and remains Participant's responsibility and may exceed the amount actually withheld by the Company and/or the Employer. Participant further acknowledges that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Option, including, but not limited to, the grant, vesting or exercise of the Option, the subsequent sale of Shares acquired pursuant to such exercise and the receipt of any dividends; and (ii) do not commit and are under no obligation to structure the terms of the grant or any aspect of the Option to reduce or eliminate Participant's liability for Tax-Related Items or achieve any particular tax result. Furthermore, if Participant has become subject to tax in more than one jurisdiction between the Grant Date and the date of any relevant taxable event, Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to the relevant taxable or tax withholding event, as applicable, Participant shall pay or make arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, Participant authorizes the Company and/or the Employer, or their respective agents, at their discretion, to satisfy the Tax-Related Items by one or a combination of the following: (i) withholding from wages or other cash compensation paid to Participant by the Company, the Employer and/or any Subsidiary; or (ii) withholding from proceeds of the sale of Shares acquired at exercise of the Option either through a voluntary sale or through a mandatory sale

arranged by the Company (on Participant's behalf pursuant to this authorization); or (iii) withholding in Shares to be issued at exercise of the Option.

To avoid any negative accounting treatment, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates. If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, Participant is deemed to have been issued the full number of Shares subject to the exercised Option, notwithstanding that a number of the shares are held back solely for the purpose of paying the Tax-Related Items due as a result of any aspect of Participant's participation in the Plan.

Participant shall pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of Particpant's participation in the Plan that cannot be satisfied by the means previously described in this section. The Company may refuse to issue or deliver the Shares or the proceeds of the sale of shares if Participant fails to comply with these obligations in connection with the Tax-Related Items.

(b) Notice of Disqualifying Disposition of ISO Shares. If the Option granted to Participant herein is an ISO, and if Participant sells or otherwise disposes of any of the Shares acquired pursuant to the ISO on or before the later of (i) the date two (2) years after the Grant Date, or (ii) the date one (1) year after the date of exercise, Participant will immediately notify the Company in writing of such disposition. Participant agrees that Participant may be subject to income tax withholding by the Company on the compensation income recognized by Participant.

(c) Code Section 409A. Under Code Section 409A, an option that vests after December 31, 2004 (or that vested on or prior to such date but which was materially modified after October 3, 2004) that was granted with a per Share exercise price that is determined by the Internal Revenue Service (the "IRS") to be less than the Fair Market Value of a Share on the date of grant (a "Discount Option") may be considered "deferred compensation." A Discount Option may result in (i) income recognition by Participant prior to the exercise of the option, (ii) an additional twenty percent (20%) federal income tax, and (iii) potential penalty and interest charges. The Discount Option may also result in additional state income, penalty and interest charges to the Participant. Participant acknowledges that the Company cannot and has not guaranteed that the IRS will agree that the per Share exercise price of this Option equals or exceeds the Fair Market Value of a Share on the Date of Grant in a later examination. Participant agrees that if the IRS determines that the Option was granted with a per Share exercise price that was less than the Fair Market Value of a Share on the date of grant, Participant will be solely responsible for Participant's costs related to such a determination;

7. Rights as Stockholder. Neither Participant nor any person claiming under or through Participant will have any of the rights or privileges of a stockholder of the Company in respect of any Shares deliverable hereunder unless and until certificates representing such Shares will have been issued, recorded on the records of the Company or its transfer agents or registrars, and delivered to Participant. After such issuance, recordation and delivery, Participant will have all the rights of a stockholder of the Company with respect to voting such Shares and receipt of dividends and distributions on such Shares.

8. Nature of Grant. In accepting the Option, Participant acknowledges the following:

(a) Participant expressly warrants that Participant has received an Option under the Plan and has received, read, and understood a description of the Plan; the Plan is established voluntarily by the Company, it is discretionary in nature, and it may be amended, suspended or terminated by the Company at any time;

(b) the grant of the Option is voluntary and occasional and does not create any contractual or other right to receive future grants of options, or benefits in lieu of options, even if options have been granted repeatedly in the past;

(c) all decisions with respect to future option grants, if any, will be at the sole discretion of the Company;

(d) Participant is voluntarily participating in the Plan;

(e) Participant's participation in the Plan shall not create a right to further employment with the Employer and shall not interfere with the ability of the Employer to terminate Participant's employment or relationship as a Service Provider at any time;

(f) the Option and any Shares subject to the Option are extraordinary items that do not constitute compensation of any kind for services of any kind rendered to the Company or the Employer, and are outside the scope of Participant's employment or service contract, if any;

(g) the Option and the Shares subject to the Option are not intended to replace any pension rights or compensation;

(h) the Option and the Shares subject to the Option are not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end of service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Employer, the Company or any Parent or Subsidiary of the Company;

(i) the Option and Participant's participation in the Plan will not be interpreted to form an employment contract or relationship with the Company or any Parent or Subsidiary of the Company;

(j) the future value of the Shares underlying the Option is unknown and cannot be predicted with certainty;

(k) in consideration of the grant of the Option, no claim or entitlement to compensation or damages shall arise from forfeiture of the Option resulting from termination of Participant's service with the Company or the Employer (for any reason whatsoever and whether or not in breach of local labor laws) and Participant irrevocably releases the Employer, the Company and/or any Parent or Subsidiary of the Company from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, then, by signing the Notice of Grant, Participant shall be deemed irrevocably to have waived Participant's entitlement to pursue such claim;

(l) in the event of termination of Participant's service with the Company or the Employer (whether or not in breach of local labor laws), Participant's right to exercise the Option, if any, will terminate effective as of the date that Participant is no longer actively employed and will not be extended by any notice period mandated under local law (*e.g.*, active employment would not include a period of "garden leave" or similar period pursuant to local law); the Administrator shall have the exclusive discretion to determine when Participant is no longer actively employed for purposes of the Option grant; and

(m) the Option and the benefits under the Plan, if any, will not automatically transfer to another company in the case of a merger, take-over, or transfer of liability.

9. No Advice Regarding Grant. The Company is not providing any tax, legal, or financial advice, nor is the Company making any recommendations regarding Participant's participation in the Plan or Participant's acquisition or sale of the underlying Shares. Participant is hereby advised to consult with his or her own tax, legal, and financial consultants regarding Participant's participation in the Plan before taking any action related to the Plan.

10. Data Privacy. Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Participant's personal data as described in this Award Agreement by and among, as applicable, the Employer, the Company and any Parent or Subsidiary of the Company for the exclusive purpose of implementing, administering and managing Participant's participation in the Plan.

Participant understands that the Company and the Employer may hold certain personal information about Participant, including, but not limited to, Participant's name, home address and telephone number, date of birth, social insurance or other identification number, salary, nationality, job title, any Shares or directorships held in the Company or any Parent or Subsidiary of the Company, details of all options or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in Participant's favor, for the exclusive purpose of implementing, administering and managing the Plan ("Personal Data"). Participant understands that Personal Data will be transferred to a broker designated by the Company or to any other third party assisting in the implementation, administration and management of the Plan. Participant understands that the recipients of the Personal Data may be located in Participant's country or elsewhere, and that the recipient's country may have different data privacy laws and protections than Participant's country.

For Participants located outside of the U.S., Participant understands that Participant may request a list with the names and addresses of any potential recipients of the Personal Data by contacting Participant's local human resources representative. Participant authorizes the Company, the broker, and any other recipients of Personal Data that may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer Personal Data, in electronic or other form, for the purposes of implementing, administering and managing Participant's participation in the Plan, including any requisite transfer of Personal Data as may be required to a broker or other third party with whom Participant may elect to deposit any Shares purchased upon exercise of the Option. Participant understands that Personal Data will be held only as long as is necessary to implement, administer and manage Participant's participation in the Plan. Participant understands that Participant may, at any time, view Personal Data, request additional information

about the storage and processing of Personal Data, require any necessary amendments to Personal Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing Participant's local human resources representative. Participant understands that refusal or withdrawal of consent may affect Participant's ability to participate in the Plan. For more information on the consequences of refusal to consent or withdrawal of consent, Participant understands that he or she may contact Participant's local human resources representative.

11. Address for Notices. Any notice to be given to the Company under the terms of this Award Agreement will be addressed to the Company, in care of Stock Administration at Fortinet, Inc., 1090 Kifer Road, Sunnyvale, CA 94086, or at such other address as the Company may hereafter designate in writing.

12. Non-Transferability of Option. This Option may not be transferred in any manner otherwise than by will or by the laws of descent or distribution and may be exercised during the lifetime of Participant only by Participant.

13. Binding Agreement. Subject to the limitation on the transferability of this grant contained herein, this Award Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

14. Additional Conditions to Issuance of Stock. If at any time the Company will determine, in its discretion, that the listing, registration or qualification of the Shares upon any securities exchange or under any U.S. state or federal or foreign law, or the consent or approval of any governmental regulatory authority is necessary or desirable as a condition to the issuance of Shares to Participant (or his or her estate), such issuance will not occur unless and until such listing, registration, qualification, consent or approval will have been effected or obtained free of any conditions not acceptable to the Company. Assuming such compliance, for U.S. income tax purposes the Exercised Shares will be considered transferred to Participant on the date the Option is exercised with respect to such Exercised Shares.

15. Plan Governs. This Award Agreement is subject to all terms and provisions of the Plan. In the event of a conflict between one or more provisions of this Award Agreement and one or more provisions of the Plan, the provisions of the Plan will govern. Capitalized terms used and not defined in this Award Agreement will have the meaning set forth in the Plan.

16. Administrator Authority. The Administrator will have the power to interpret the Plan and this Award Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revoke any such rules (including, but not limited to, the determination of whether or not any Shares subject to the Option have vested). All actions taken and all interpretations and determinations made by the Administrator in good faith will be final and binding upon Participant, the Company and all other interested persons. No member of the Administrator will be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or this Award Agreement.

17. Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to the Option awarded under the Plan or future options that may be awarded under the Plan by electronic means or request Participant's consent to participate in the Plan by electronic means. Participant hereby consents to receive such documents by electronic delivery and agrees to

participate in the Plan through any on-line or electronic system established and maintained by the Company or another third party designated by the Company.

18. Captions. Captions provided herein are for convenience only and are not to serve as a basis for interpretation or construction of this Award Agreement.

19. Agreement Severable. In the event that any provision in this Award Agreement will be held invalid or unenforceable, such provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of this Award Agreement.

20. Modifications to the Agreement. This Award Agreement constitutes the entire understanding of the parties on the subjects covered. Participant expressly warrants that he or she is not accepting this Award Agreement in reliance on any promises, representations, or inducements other than those contained herein. Modifications to this Award Agreement or the Plan can be made only in an express written contract executed by a duly authorized officer of the Company. Notwithstanding anything to the contrary in the Plan or this Award Agreement, the Company reserves the right to revise this Award Agreement as it deems necessary or advisable, in its sole discretion and without the consent of Participant, to comply with Code Section 409A or to otherwise avoid imposition of any additional tax or income recognition under Section 409A of the Code in connection to this Option.

21. Governing Law and Venue. This Award Agreement will be governed by, and subject to, the laws of the State of California, without giving effect to the conflict of law principles thereof. For purposes of litigating any dispute that arises under the Option or this Award Agreement, the parties hereby submit to and consent to the jurisdiction of the State of California**,** and agree that such litigation will be conducted in the courts of Santa Clara County, California**,** or the federal courts for the United States for the Northern District of California, and no other courts, where this grant is made and/or to be performed.

21. Language. If Participant has received this Award Agreement or any other document related to the Option and/or the Plan translated into a language other than English, and if the meaning of the translated version is different than the English version, the English version will control.

22. Additional Terms and Conditions of Stock Option Grant. Notwithstanding any provisions in the Terms and Conditions of Stock Option Grant, the Option shall be subject to any special terms and conditions set forth in the Additional Terms and Conditions of Stock Option Grant, attached as Exhibit B, for Participant's country. Moreover, if Participant relocates to one of the countries included in the Additional Terms and Conditions of Stock Option Grant, the special terms and conditions for such country will apply to Participant, to the extent the Company determines that the application of such terms and conditions is necessary or advisable in order to comply with local law or facilitate the administration of the Plan. The Additional Terms and Conditions of Stock Option Grant constitute part of this Award Agreement.

23. Imposition of Other Requirements. The Company reserves the right to impose other requirements on Participant's participation in the Plan, on the Option, and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable in order to comply

with local laws or facilitate the administration of the Plan, and to require Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

EXHIBIT B

ADDITIONAL TERMS AND CONDITIONS OF STOCK OPTION GRANT

This Exhibit B includes additional terms and conditions that govern the Option granted to Participant under the Plan if Participant resides in one of the countries listed below. Certain capitalized terms used but not defined in this Exhibit B have the meanings set forth in the Plan and/or the Terms and Conditions of Stock Option Grant.

This Exhibit B also includes information regarding exchange controls and certain other tax or legal issues of which Participant should be aware with respect to his or her participation in the Plan. The information is based on the securities, exchange control, and other laws in effect in the respective countries as of July 2009. Such laws are often complex and change frequently. As a result, the Company strongly recommends that Participant not rely on the information in this Exhibit B as the only source of information relating to the consequences of his or her participation in the Plan because the information may be out of date at the time that Participant exercises the Option or sell Shares.

In addition, the information contained herein is general in nature and may not apply to Participant's particular situation, and the Company is not in a position to assure Participant of a particular result. Accordingly, Participant is advised to seek appropriate professional advice as to how the relevant laws in his or her country may apply to Participant's situation.

Finally, if Participant is a citizen or resident of a country other than the one in which he or she is currently residing, the information contained herein may not be applicable to Participant.

Australia

Securities Law Information

If Participant acquires Shares pursuant to this Option and he or she offers Shares for sale to a person or entity resident in Australia, the offer may be subject to disclosure requirements under Australian law. Participant should obtain legal advice on his or her disclosure obligations prior to making any such offer.

Austria

Exchange Control Information

If Participant holds Shares purchased under the Plan outside Austria (even if he or she holds them outside of Austria with an Austrian bank), Participant understands that he or she must submit an annual report to the Austrian National Bank using the form "*Standmeldung/Wertpapiere*." An exemption applies if the value of the securities held outside Austria as of December 31 does not exceed €3,000,000 or the value of the securities as of any quarter does not exceed €30,000,000. If the former threshold is exceeded, annual reporting obligations are imposed, whereas if the latter threshold is exceeded, quarterly reports must be submitted. The annual reporting date is December 31; the deadline for filing the annual report is March 31 of the following year.

When the Shares are sold, there may be exchange control obligations if the cash received is held outside Austria, as a separate reporting requirement applies to any non-Austrian cash accounts. If the transaction volume of all of Participant's cash accounts abroad exceeds €3,000,000, the movements and the balance of all accounts must be reported monthly, as of the last day of the month, on or before the 15th day of the following month, using the form "*Meldungen SI-Forderungen und/oder SI-Verpflichtungen*." If the transaction value of all cash accounts abroad is less than €3,000,000, no ongoing reporting requirements apply.

Consumer Protection Act Information

Participant understands that he or she may be entitled to revoke the Award Agreement on the basis of the Austrian Consumer Protection Act (the "Act") under the conditions listed below, if the Act is considered to be applicable to the Award Agreement and the Plan:

(i) If Participant signs the Award Agreement outside the business premises of the Company, he or she may be entitled to revoke acceptance of the Award Agreement provided that the revocation is made within one week after he or she signs the Award Agreement.

(ii) The revocation must be in written form to be valid. It is sufficient if Participant returns the Award Agreement to the Company or the Company's representative with language that can be understood as his or her refusal to honor the Award Agreement. It is sufficient if the revocation is sent within one week after Participant signed the Award Agreement.

Belgium

Tax Considerations

The Option must be accepted in writing with the time frame set forth and explained in the separate Country Supplement & Undertaking for Participants in Belgium. Participant should refer to the separate Country Supplement & Undertaking for Participants in Belgium for a more detailed description of the tax consequences of choosing to accept the Option. Participant should also consult a personal tax advisor with respect to accepting the Option and completing the additional forms.

Tax Reporting Information

Participant is required to report any taxable income attributable to the Option on his or her annual tax return. Participant is also required to report any bank accounts opened and maintained outside Belgium on his or her annual tax return.

Canada

Consent to Receive Information in English for Employees in Quebec

The parties acknowledge that it is their express wish that the Award Agreement, as well as all documents, notices and legal proceeds entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

Les parties reconnaissent avoir exigé la rédaction en anglais de cette convention, ainsi que de tous documents exécutés, avis donnés et procédures judiciaries intentées, directement ou indirectement, relativement à ou suite à la présente convention.

Involuntary Termination Terms for Option

In the event of involuntary termination of Participant's employment (whether or not in breach of local labor laws), Participant's right to continued vesting or to exercise the Option, if any, will terminate effective as of the date that is the earlier of: (1) the date Participant receives notice of termination of employment from the Employer, or (2) the date Participant is no longer actively employed by the Employer, regardless of any notice period or period of pay in lieu of such notice required under local law (including, but not limited to, statutory law, regulatory law, and/or common law); the Administrator shall have the exclusive discretion to determine when Participant is no longer actively employed for purposes of the Option.

Data Privacy Notice and Consent

This section supplements the "Data Privacy" section of the Terms and Conditions of Stock Option Grant:

Participant hereby authorizes the Company and the Company's representatives to discuss and obtain all relevant information from all personnel, professional or non-professional, involved in the administration of the Plan. Participant further authorizes the Employer, the Company, and its Subsidiaries to disclose and discuss such information with their advisors. Participant also authorizes the Employer, Company and its Subsidiaries to record such information and to keep such information in Participant's employee file.

China

Method of Payment

Notwithstanding any provision to the contrary in the Terms and Conditions of Stock Option Grant, due to stringent exchange controls and securities restrictions in China, when Participant exercises the Option, Participant must use a "cashless sell-all" exercise pursuant to which he or she delivers irrevocable instructions to the broker to sell all Shares to which Participant is entitled at exercise and remit the proceeds from sale less any Tax-Related Items and brokerage fees to Participant in cash. The Company reserves the right to provide Participant with additional methods of paying the Exercise Price depending upon the development of local laws.

Exchange Control Information for Participants who are Chinese Nationals

Participant understands and agrees that, due to exchange control laws in China, Participant may be required to immediately repatriate the proceeds from the cashless exercise to China. Participant further understands that such repatriation of the proceeds may need to be effected through a special exchange control account established by the Employer, the Company, or any of its Subsidiaries in China and Participant hereby consents and agrees that the proceeds from the cashless exercise may be transferred to such special account prior to being delivered to Participant. Participant acknowledges that due to the special account requirement, there may be delays in paying Participant the proceeds and that Participant understands and agrees that he or she will bear the foreign currency exchange rate risk. Participant further agrees to comply with any other requirements that may be imposed by the Company in the future in order to facilitate compliance with exchange control requirements in China.

Finland

There are no country specific provisions.

Germany

Exchange Control Information

Cross-border payments in excess of €12,500 must be reported monthly. If Participant uses a German bank to effect a cross-border payment in excess of €12,500 in connection with the exercise of this Option or sale of securities or the payment of dividends related to certain securities, the bank will make the report. In this case, Participant will not have to report the transaction. In addition, Participant must report any receivables or payables or debts in foreign currency exceeding an amount of approximately €5,000,000 on a monthly basis. Finally, Participant must report Shares holding exceeding 10% of the total voting capital of the Company on an annual basis.

India

Method of Payment

Notwithstanding any provision in the Terms and Conditions of Stock Option Grant, due to exchange control laws that are currently in effect in India, Participant will not be permitted to engage in a "sell to cover" exercise whereby a portion of Shares are sold to cover the Exercise Price, any Tax-Related Items and brokerage fees, and the proceeds are settled in Shares.

Fringe Benefits Tax

In accepting the grant of the Option and participating in the Plan, Participant consents and agrees to assume any and all liability for fringe benefit tax that may be payable by the Company and/or the Employer in connection with the Option (if any) and sign any documents/consents to effectuate this transfer. Participant further understands that the grant of the Option and participation in the Plan is contingent upon Participant's agreement to assume liability for fringe benefit tax payable on the Option, if such fringe benefit tax is due.

Exchange Control Information

Participant should be aware that if Participant remits funds outside of India to purchase Shares, it is Participant's responsibility to comply with exchange control regulations in India. Proceeds from the sale of Shares must be repatriated to India within 90 days of receipt. Participant should obtain a foreign inward remittance certificate from the bank for Participant's records to document compliance with this requirement and submit a copy of the foreign inward remittance certificate to the Employer if requested.

Israel

Method of Payment

Notwithstanding any provision in the Terms and Conditions of Stock Option Grant, due to tax rules in Israel, when Participant exercises the Option, Participant must use a "cashless sell-all" exercise pursuant to which he or she delivers irrevocable instructions to the broker to sell all Shares to which Participant is entitled at exercise and remit the proceeds from sale, less any Tax-Related Items and brokerage fees, to Participant in cash. Participant will not be permitted to receive and hold any Shares in connection with the exercise of the Option. The Company reserves the right to provide

Participant with additional methods of paying the aggregate Exercise Price depending upon development of local laws.

Italy

Method of Payment
Notwithstanding any provision in the Terms and Conditions of Stock Option Agreement, due to securities restrictions in Italy, when Participant exercises the Option, Participant must use a "cashless sell-all" exercise pursuant to which he or she delivers irrevocable instructions to the broker to sell all Shares to which Participant is entitled at exercise and remit the proceeds from sale, less any Tax-Related Items and brokerage fees, to Participant in cash. Participant will not be permitted to receive and hold any Shares in connection with the exercise of the Option. The Company reserves the right to provide Participant with additional methods of paying the aggregate Exercise Price depending upon development of local laws.

Data Privacy Consent.

The following provision replaces the Data Privacy section of the Terms and Conditions of Stock Option Grant:

Participant hereby explicitly and unambiguously consent to the collection, use, processing and transfer, in electronic or other form, of Participant's personal data as described herein by and among, as applicable, the Employer, the Company and its Subsidiaries for the exclusive purpose of implementing, administering, and managing Participant's participation in the Plan.

Participant understands that his or her Employer, the Company and its Subsidiaries may hold certain personal information about Participant, including, but not limited to, Participant's name, home address and telephone number, date of birth, social insurance (to the extent permitted under Italian law) or other identification number, salary, nationality, job title, Shares or directorships held in the Company or its Subsidiaries, details of all options granted, or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in Participant's favor, for the exclusive purpose of implementing, managing and administering the Plan ("Data").

Participant also understands that providing the Company with Data is necessary for the performance of the Plan and that Participant's refusal to provide such Data would make it impossible for the Company to perform its contractual obligations and may affect Participant's ability to participate in the Plan. The Controller of personal data processing is Fortinet, Inc., with registered offices at 1090 Kifer Road, Sunnyvale, CA 94086, U.S.A., and, pursuant to Legislative Decree no. 196/2003, its Representative in Italy for privacy purposes is Fortinet Italy, S.r.L, with registered offices at Via del Casale Solaro, 119, 00143 ROMA Italy. Participant understands that Data will not be publicized, but it may be transferred to banks, other financial institutions, or brokers involved in the management and administration of the Plan. Participant understands that Data may also be transferred to the independent registered public accounting firm engaged by the Company. Participant further understands that the Employer, the Company and/or any of its Subsidiaries will transfer Data among themselves as necessary for the purpose of implementing,

administering and managing Participant's participation in the Plan, and that the Company and/or any Subsidiary may each further transfer Data to third parties assisting the Company in the implementation, administration, and management of the Plan, including any requisite transfer of Data to a broker or other third party with whom Participant may elect to deposit any Shares acquired under the Plan. Such recipients may receive, possess, use, retain, and transfer Data in electronic or other form, for the purposes of implementing, administering, and managing Participant's participation in the Plan. Participant understands that these recipients may be located in the European Economic Area or elsewhere, such as the United States. Should the Company exercise its discretion in suspending all necessary legal obligations connected with the management and administration of the Plan, it will delete Data as soon as it has completed all the necessary legal obligations connected with the management and administration of the Plan.

Participant understands that Data processing related to the purposes specified above shall take place under automated or non-automated conditions, anonymously when possible, that comply with the purposes for which Data is collected and with confidentiality and security provisions, as set forth by applicable laws and regulations, with specific reference to Legislative Decree no. 196/2003.

The processing activity, including communication, the transfer of Data abroad, including outside of the European Economic Area, as herein specified and pursuant to applicable laws and regulations, does not require Participant's consent thereto, as the processing is necessary to performance of contractual obligations related to implementation, administration, and management of the Plan. Participant understands that, pursuant to Section 7 of the Legislative Decree no. 196/2003, Participant has the right to, including but not limited to, access, delete, update, correct, or terminate, for legitimate reason, the Data processing.

Furthermore, Participant is aware that Data will not be used for direct-marketing purposes. In addition, Data provided can be reviewed and questions or complaints can be addressed by contacting Participant's local human resources representative.

Acknowledgement

Participant acknowledges that he or she has read and specifically and expressly approves the following sections of the Terms and Conditions of Stock Option Grant: Responsibility for Taxes, Nature of Grant, and Governing Law and Venue, Language, Electronic Delivery, Agreement Severable, Imposition of Other Requirements. In addition, Participant acknowledges that he or she has read and specifically and expressly approves the Data Privacy paragraphs above.

Exchange Control Information.

Participant must report in his or her annual tax return: (i) any transfers of cash or Shares to or from Italy exceeding €10,000 or the equivalent amount in U.S. dollars; and (ii) any foreign investments or investments (including proceeds from the sale of Shares acquired under the Plan) held outside of Italy exceeding €10,000 or the equivalent amount in U.S. dollars, if the investment may give rise to income in Italy. The reporting must be done on Participant's individual income tax return. Participant is exempt from the formalities in (i) if the investments are made through an authorized broker resident in Italy, as the broker will comply with the reporting obligation on Participant's behalf.

Japan

Exchange Control Information

If Participant acquires Shares valued at more than ¥100,000,000 in a single transaction, Participant must file a Securities Acquisition Report with the Ministry of Finance through the Bank of Japan within 20 days of the purchase of the shares.

In addition, if Participant pays more than ¥30,000,000 in a single transaction for the purchase of Shares when Participant exercises the Option, Participant must file a Payment Report with the Ministry of Finance through the Bank of Japan by the 20th day of the month following the month in which the payment was made. The precise reporting requirements vary depending on whether or not the relevant payment is made through a bank in Japan.

A Payment Report is required independently from a Securities Acquisition Report. Therefore, if the total amount that Participant pays upon a one-time transaction for exercising the Option and purchasing shares exceeds ¥100,000,000, then Participant must file both a Payment Report and a Securities Acquisition Report.

Korea

Exchange Control Information

If Participant remits funds out of Korea to pay the Exercise Price at exercise of the Option, such remittance must be "confirmed" by a foreign exchange bank in Korea. This is an automatic procedure, *i.e.*, the bank does not need to "approve" the remittance, and it should take no more than a single day to process. The following supporting documents evidencing the nature of the remittance may need to be submitted to the bank together with the confirmation application: (i) the Notice of Grant and Award Agreement; (ii) the Plan; (iii) a document evidencing the type of shares to be acquired and the amount (*e.g.*, the award certificate); and (iv) Participant's certificate of employment. This confirmation is not necessary for cashless exercises because no funds are remitted out of Korea.

Additionally, exchange control laws require Korean residents who realize US$500,000 or more from the sale of shares to repatriate the proceeds to Korea within 18 months of the sale.

Malaysia

Director Notification Requirements

If Participant is a director of a Malaysian Subsidiary of the Company, Participant is subject to certain notification requirements under the Malaysian Companies Act. Among these requirements is an obligation to notify the Malaysian Subsidiary in writing when Participant receives or disposes of an interest (*e.g.*, Options, Shares) in the Company or any related company (including when Participant sells Shares acquired pursuant to the exercise of the Option). These notifications must be made

within fourteen days of receiving or disposing of any interest in the Company or any related company.

Insider Trading Information

Participant should be aware of the Malaysian insider-trading rules, which may impact Participant's acquisition or disposal of Shares acquired from the exercise of the Option. Under the Malaysian insider-trading rules, Participant is prohibited from acquiring or selling Shares or rights to Shares (*e.g.*, Options) when Participant is in possession of information that is not generally available and that Participant knows or should know will have a material effect on the price of Shares once such information is generally available.

Mexico

Labor Law Policy and Acknowledgment

In accepting the grant of the Option, Participant expressly recognizes that Fortinet, Inc., with registered offices at 1090 Kifer Road, Sunnyvale, CA 94086, U.S.A, is solely responsible for the administration of the Plan and that Participant's participation in the Plan and acquisition of Shares do not constitute an employment relationship between Participant and Fortinet, Inc. since Participant is participating in the Plan on a wholly commercial basis and his or her sole Employer is Fortinet, Inc., located at Rodriguez Saro #615, Col. Del Valle, C.P. 03100, Mexico DF. Based on the foregoing, Participant expressly recognizes that the Plan and the benefits that he or she may derive from participating in the Plan do not establish any rights between Participant and the Employer, Fortinet, Inc., and do not form part of the employment conditions and/or benefits provided by Fortinet, Inc., and any modification of the Plan or its termination shall not constitute a change or impairment of the terms and conditions of Participant's employment.

Participant further understands that his or her participation in the Plan is as a result of a unilateral and discretionary decision of Fortinet, Inc.; therefore, Fortinet, Inc. reserves the absolute right to amend and/or discontinue Participant's participation at any time without any liability to Participant.

Finally, Participant hereby declares that he or she does not reserve to himself or herself any action or right to bring any claim against Fortinet, Inc. for any compensation or damages regarding any provision of the Plan or the benefits derived under the Plan, and Participant therefore grants a full and broad release to Fortinet, Inc., its affiliates, branches, representation offices, its shareholders, officers, agents, or legal representatives with respect to any claim that may arise.

Política Laboral y Reconocimiento/Aceptación

Al aceptar el otorgamiento de la Opción de Compra de Acciones, el Participante expresamente reconoce que Fortinet, Inc., con domicilio registrado ubicado en Sunnyvale, CA, U.S.A., es la única responsable por la administración del Plan y que la participación del Participante en el Plan y en su caso la adquisición de las Opciones de Compra de Acciones o Acciones no constituyen ni podrán interpretarse como una relación de trabajo entre el Participante y Fortinet, Inc., ya que el Participante participa en el Plan en un marco totalmente comercial y su único Patrón lo es Fortinet, Inc. con domicilio en Rodriguez Saro #615, Col. Del Valle, C.P. 03100, México DF, México. Derivado de lo anterior, el Participante expresamente reconoce que el Plan y los beneficios que pudieran derivar de la participación en el Plan no establecen derecho alguno entre el Participante y el Patrón, Fortinet, Inc. y no forma parte de las condiciones de trabajo y/o las prestaciones otorgadas por Fortinet, Inc. y que cualquier modificación al Plan o su terminación no constituye un cambio o impedimento de los términos y condiciones de la relación de trabajo del Participante.

Asimismo, el Participante reconoce que su participación en el Plan es resultado de una decisión unilateral y discrecional de Fortinet, Inc.; por lo tanto, Fortinet, Inc. se reserva el absoluto derecho de modificar y/o terminar la participación del Participante en cualquier momento y sin responsabilidad alguna frente el Participante.

Finalmente, el Participante por este medio declara que no se reserve derecho o acción alguna que ejercitar en contra de Fortinet, Inc. por cualquier compensación o daño en relación con las disposiciones del Plan o de los beneficios derivados del Plan y por lo tanto, el Participante otorga el más amplio finiquito que en derecho proceda a Fortinet, Inc., sus afiliadas, subsidiarias, oficinas de representación, sus accionistas, funcionarios, agentes o representantes legales en relación con cualquier demanda que pudiera surgir.

Netherlands

Insider Trading Information
Participant should be aware of Dutch insider trading rules that may impact the sale of Shares acquired under the Plan. In particular, Participant may be prohibited from effecting certain transactions if he or she has insider information regarding the Company.

By accepting the grant of the Option and participating in the Plan, Participant acknowledges having read and understood this Insider Trading Information and further acknowledges that it is Participant's responsibility to comply with the following Dutch insider trading rules.

Under Article 46 of the Act on the Supervision of the Securities Trade 1995, anyone who has "insider information" related to an issuing company is prohibited from effectuating a transaction in securities in or from the Netherlands. "Inside information" is defined as knowledge of details concerning the issuing company to which the securities relate that is not public and which, if published, would reasonably be expected to affect the stock price, regardless of the development of the price. The insider could be any employee of the Company or a Subsidiary in the Netherlands who has inside information as described herein.

Given the broad scope of the definition of inside information, certain employees of the Company working at a Subsidiary of the Company in the Netherlands (including a Participant in the Plan) may have inside information and, thus, would be prohibited from effectuating a transaction in securities in the Netherlands at a time when Participant had such inside information. If Participant is uncertain whether the insider trading rules apply to him or her, Participant should consult with his or her personal legal advisor.

New Zealand

No country-specific provisions.

Philippines

Conditions Upon Issuance of Shares

Participant will not be permitted to exercise the Option unless or until the Company or a Subsidiary in the Philippines has obtained all necessary approvals or submitted all filings required under Philippines law. If the Company or a Philippine Subsidiary is unable to obtain such approval or does not submit such filings, Participant acknowledges that the Option will be forfeited without any compensation or benefits paid to Participant in lieu of the Option.

Poland

Exchange Control Information

It is no longer necessary to obtain a foreign exchange permit to participate in the Plan. However, if Participant transfers more than €15,000 out of Poland in connection with the exercise of an Option, Participant must transfer the funds via a bank account. Please note that if Participant uses a cashless method of exercise, this requirement will not apply because no funds will be transferred out of Poland. If Participant acquires Shares through participation in the Plan, Participant must file an annual report with the National Bank of Poland declaring ownership of foreign shares. This report is filed on a special form available on the website of the National Bank of Poland.

Singapore

Securities Law Information

The grant of the Option is being made in reliance on Section 273(1)(f) of the Securities and Futures Act (Cap. 289) ("SFA"), under which it is exempt from the prospectus and registration requirements under the SFA.

Director Reporting Requirements

If Participant is a director, associate director or shadow director of a Singapore Subsidiary, Participant is subject to certain notification requirements under the Singapore Companies Act. Directors must notify the Singapore Subsidiary in writing of an interest (*e.g.*, Options, Shares) in the Company or any related companies within two days of (i) its acquisition or disposal, (ii) any change in a previously disclosed interest (*e.g.*, when the Option is exercised), or (iii) becoming a director.

Spain

Labor Law Acknowledgment

This section supplements the "Nature of Grant" section of the Terms and Conditions of Stock Option Grant:

In accepting the Option, Participant acknowledges that he or she consents to participation in the Plan and has received a copy of the Plan.

Participant understands that the Company has unilaterally, gratuitously, and discretionally decided to grant options under the Plan to individuals who may be employees of the Company or its Subsidiaries throughout the world. The decision is a limited decision that is entered into upon the express assumption and condition that any grant will not economically or otherwise bind the Company or any of its Subsidiaries on an ongoing basis. Consequently, Participant understands that the Option is granted on the assumption and condition that the Option or the Shares acquired upon exercise shall not become a part of any employment contract (either with the Company or any of its Subsidiaries) and shall not be considered a mandatory benefit, salary for any purposes (including severance compensation), or any other right whatsoever. In addition, Participant understands that this grant would not be made to Participant but for the assumptions and conditions referred to above; thus, Participant acknowledges and freely accepts that should any or all of the assumptions be mistaken or should any of the conditions not be met for any reason, then any grant of options shall be null and void.

Exchange Control Information

It is Participant's responsibility to comply with exchange control regulations in Spain. The purchase of Shares must be declared by the purchaser for statistical purposes to the Spanish *Direccion General de Política Comercial y de Inversiones Extranjeras* (the "DGPCIE"), of the *Ministerio de Economia*. If Participant purchases the Shares through the use of a Spanish financial institution, that institution will automatically make the declaration to the DGPCIE for Participant. Otherwise, Participant must make the declaration by filing the appropriate form with the DGPCIE. In addition, Participant must also file a declaration of the ownership of the securities with the Directorate of Foreign Transactions each January while the Shares are owned.

When receiving foreign currency payments derived from the ownership of Shares (*i.e.*, as a result of the sale of the Shares), Participant must inform the financial institution receiving the payment of the basis upon which such payment is made. Participant will likely need to provide the institution with the following information: (i) Participant's name, address, and fiscal identification number; (ii) the name and corporate domicile of the Company; (iii) the amount of the payment; (iv) the currency used; (v) the country of origin; (vi) the reasons for the payment; and (vii) any additional information that may be required.

If Participant wishes to import the ownership title of the Shares (*i.e.*, share certificates) into Spain, Participant must declare the importation of such securities to the DGPCIE.

Sweden

No country-specific provisions.

Switzerland

Method of Payment

Notwithstanding any provision to the contrary in the Award Agreement, due to restrictions in Switzerland, when Participant exercises the Option, Participant must use a "cashless sell-all" exercise pursuant to which he or she delivers irrevocable instructions to the broker to sell all Shares to which Participant is entitled at exercise and remit the proceeds from sale, less any Tax-Related Items and brokerage fees, to Participant in cash. The Company reserves the right to provide Participant with additional methods of paying the Exercise Price depending upon the development of local laws. **[Fortinet: This cashless exercise restriction may not be required if the employees are employed in German-speaking cantons only]**

Taiwan

Securities Law Information

This offer of the Option and the Shares to be issued pursuant to the Plan is available only for employees of the Company and its Subsidiaries. It is not a public offer of securities by a Taiwanese company; therefore, it is exempt from registration in Taiwan.

Exchange Control Information

Participant may acquire foreign currency and remit the same out of Taiwan, up to US$5 million per year without justification. When remitting funds for the purchase of Shares pursuant to the Plan, such remittances should be made through an authorized foreign exchange bank. In addition, if Participant remits TWD$500,000 or more in a single transaction, Participant must submit a Foreign Exchange Transaction Form to the remitting bank. If the transaction amount is US$500,000 or more in a single transaction, Participant must also provide supporting documentation to the satisfaction of the remitting bank.

Thailand

Exchange Control Information

It is Participant's responsibility to comply with all exchange control regulations in Thailand. If Participant exercises the Option with cash, Participant may apply directly to a commercial bank in Thailand for approval to remit up to US$1,000,000 per year for the purchase of Shares. If Participant exercises the Option by way of a cashless method of exercise, no application to a commercial bank is required. In addition, Participant is required to immediately repatriate the proceeds from the sale of the Shares acquired pursuant to the exercise of the Option to Thailand. Within the next 360 days after the repatriation date, Participant must deposit the sale proceeds into a foreign currency deposit account or convert them to local currency. If the amount of such sale proceeds is equal to or greater than US$20,000, Participant must specifically report the inward remittance to the Bank of Thailand on a Foreign Exchange Transaction Form through the bank at which Participant deposits or converts the sale proceeds.

Turkey

Exchange Control Information

Exchange control regulations require Turkish residents to purchase Shares through intermediary financial institutions that are approved under the Capital Market Law (*i.e.*, banks licensed in Turkey). Therefore, if Participant uses cash to exercise the Option, the funds must be remitted through a bank or other financial institution licensed in Turkey. A wire transfer of funds by a Turkish bank will satisfy this requirement. This requirement does not apply to cashless exercises, as no funds leave Turkey.

United Arab Emirates

Securities Law Information

The Plan is only being offered to eligible Service Providers and is in the nature of providing equity incentives to eligible Service Providers of the Company's Subsidiary in the United Arab Emirates.

United Kingdom

Joint Election

As a condition of participation in the Plan and the exercise of the Option, Participant agrees to accept any liability for secondary Class 1 national insurance contributions that may be payable by the Company and/or the Employer in connection with the Option and any event giving rise to Tax-Related Items (the "Employer NICs"). Without prejudice to the foregoing, Participant agrees to execute a joint election with the Company, the form of such joint election being formally approved by Her Majesty's Revenue & Customs ("HMRC") (the "Joint Election"), and any other required consent or election. Participant further agrees to execute such other joint elections as may be required between him or her and any successor to the Company and/or the Employer. Participant further agrees that the Company and/or the Employer may collect the Employer NICs from him or her by any of the means set forth in "Responsibility for Taxes" section of the Terms and Conditions of Stock Option Grant.

If Participant does not enter into a Joint Election prior to exercise of the Option, he or she will not be entitled to exercise the Option unless and until he or she enters into a Joint Election and no Shares will be issued to Participant under the Plan, without any liability to the Company and/or the Employer.

Tax Obligations/Withholding Authorization

This section supplements the "Responsibility for Taxes" section of the Terms and Conditions of Stock Option Grant.

If payment or withholding of the Tax-Related Items (including the Employer NICs) is not made within ninety (90) days of the event giving rise to the Tax-Related Items or such other period specified in Section 222(1)(c) of the U.K. Income Tax (Earnings and Pensions) Act 2003 (the "Due Date"), the amount of any uncollected Tax-Related Items shall constitute a loan owed by Participant to the Employer, effective as of the Due Date. Participant agrees that the loan will bear interest at the then-current official rate of HMRC, it shall be immediately due and repayable, and the Company or the Employer may recover it at any time thereafter by any of the means referred to in the "Responsibility for Taxes" section of the Terms and Conditions of Stock Option Grant. Notwithstanding the foregoing, if Participant is a director or executive officer of the Company (within the meaning of Section 13(k) of the U.S. Securities and Exchange Act of 1934, as amended), he or she shall not be eligible for a loan from the Company to cover the Tax-Related Items. In the event that Participant is a director or executive officer and Tax-Related Items are not collected from or paid by him or her by the Due Date, the amount of any uncollected Tax-Related Items will constitute a benefit to Participant on which additional income tax and NICs (including the Employer NICs) will be payable. Participant will be responsible for reporting any income tax and NICs (including the Employer NICs) due on this additional benefit directly to HMRC under the self-assessment regime.

In addition, the Participant agrees that the Company and/or the Employer may calculate the Tax-Related Items to be withheld and accounted for by reference to the maximum applicable rates, without prejudice to any right the Participant may have to recover any overpayment from the relevant tax authorities.

EXHIBIT C

FORTINET, INC.

2009 EQUITY INCENTIVE PLAN

EXERCISE NOTICE

Fortinet, Inc.
1090 Kifer Road, Sunnyvale, CA 94086
Attention: Stock Administration

Exercise of Option. Effective as of today, _____, _____, the undersigned ("Purchaser") hereby elects to purchase _____ shares (the "Shares") of the Common Stock of Fortinet, Inc. (the "Company") under and pursuant to the 2009 Equity Incentive Plan (the "Plan") and the Stock Option Award Agreement dated _____ (the "Award Agreement"). The purchase price for the Shares will be $_____, as required by the Award Agreement.

Delivery of Payment. Purchaser herewith delivers to the Company the full purchase price of the Shares and any required Tax-Related Items to be paid in connection with the exercise of the Option.

Representations of Purchaser. Purchaser acknowledges that Purchaser has received, read and understood the Plan and the Award Agreement and agrees to abide by and be bound by their terms and conditions.

Rights as Stockholder. Until the issuance (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company) of the Shares, no right to vote or receive dividends or any other rights as a stockholder will exist with respect to the Shares subject to the Option, notwithstanding the exercise of the Option. The Shares so acquired will be issued to Purchaser as soon as practicable after exercise of the Option. No adjustment will be made for a dividend or other right for which the record date is prior to the date of issuance, except as provided in Section 13 of the Plan.

No Advice Regarding Grant. Purchaser understands that Purchaser may suffer adverse tax or financial consequences as a result of Purchaser's purchase or disposition of the Shares. Further, the Company is not providing any tax, legal, or financial advice, nor is the Company making any recommendations regarding Purchaser's participation in the Plan or Purchaser's acquisition or sale of the underlying Shares. Purchaser represents that Purchaser has consulted with any tax, legal, or financial consultants Purchaser deems advisable in connection with the purchase or disposition of the Shares, and that Purchaser is not relying on the Company for any such advice.

Entire Agreement; Governing Law. The Plan and Award Agreement are incorporated herein by reference. This Exercise Notice, the Plan and the Award Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and Purchaser with respect to the subject matter hereof, and may not be modified adversely to the Purchaser's interest except by means of a writing signed by the Company and Purchaser. This agreement is governed by the internal substantive laws, but not the choice of law rules, of the State of California.

Submitted by:	Accepted by:
PURCHASER:	FORTINET, INC
_____	_____
Signature	By
_____	_____
Print Name	Title
Address:	
_____	
_____	
	_____
	Date Received

FORTINET, INC.

2009 EQUITY INCENTIVE PLAN

COUNTRY SUPPLEMENT & UNDERTAKING

FOR PARTICIPANTS IN BELGIUM

This supplement has been prepared to provide Participant with a summary of certain key information regarding his or her participation in the Fortinet, Inc 2009 Equity Incentive Plan (the "Plan").

This supplement is based on the tax and other laws concerning stock options in effect in Belgium as of July 2009. Such laws are often complex and change frequently. As a result, the information contained in this supplement may be outdated at the time the Option is exercised or when Participant sells shares acquired under the Plan.

In addition, this supplement is general in nature. It is not intended to serve as specific tax or investment advice and does not discuss all of the various laws, rules, and regulations that may apply. It may not apply to Participant's particular tax or financial situation, and Fortinet, Inc. (the "Company") is in no position to assure any particular tax result. **Accordingly, Participant is strongly advised to seek appropriate professional advice as to how the tax or other laws in his or her country apply to Participant's specific situation.**

If Participant is a citizen or resident of another country or is considered a resident of another country for local law purposes, the information contained in this summary may not be applicable to Participant. Participant is advised to seek appropriate professional advice as to how the tax or other laws in Participant's country apply to his or her specific situation.

Capitalized terms used but not defined herein shall have the same meanings ascribed to them in the Plan and the Stock Option Award Agreement (the "Award Agreement").

Pursuant to Belgian tax legislation and the current interpretation thereof by the Belgian Minister of Finance, Participant may have **two alternatives** as to how the Option will be taxed.

1. Taxation at Offer Date
2. Taxation at Date of Exercise

Participant should consult his or her personal tax advisor before deciding which alternative he or she should select with respect to this offer. The choice is at Participant's risk and the Company will not be held liable for damages, if any, that Participant may incur should the Minister of Finance's interpretation not be upheld.

1. Taxation at Offer Date: Example

Under the first alternative (which is based on the Law of March 26, 1999), the Option will be taxed at the time of the offer, **[insert date]** ("Offer Date").

To obtain this tax treatment, Participant must expressly accept the Option within 60 days of the Offer Date by returning the executed Award Agreement to the Company by the end of this period.

Assuming the Option is exercised before January 1, 2013 and the Option has a term of seven (7) years, the taxable value is the number of shares covered by the Option times the value of the underlying shares on the Offer Date times 17%, plus any increase in the value of the Company's Common Stock on the Offer Date over the Exercise Price (*i.e.*, any amount by which the Option is "in the money" on the Offer Date).

For Belgian tax purposes, the fair market value of the shares of stock in listed companies is equal to either (at the Company's choice) (A) the average closing trading price of the share during the 30 days preceding the Offer Date, or (B) the closing trading price of the share on the last trading day immediately preceding the Offer Date.

For example, assume the following facts:

- Participant is granted an Option for 100 shares of the Company's Common Stock with an Exercise Price of US$10.
- The Option has a seven (7) year term.
- The fair market value of the shares of the Company's Common Stock on the Offer Date is US$11.
- As the Exercise Price (US$10) is lower than the fair market value of the underlying share on the Offer Date (US$11), the excess of the market value over the Exercise Price is added to the taxable value of the option.
- Assume Participant's marginal tax rate is 50%.

Based on these facts, Participant's Belgian tax liability for the 2009 income year as a consequence of the grant of the Option would be as follows:

100 shares x US$11/share x 17% x 50%	=	US$93.50
100 shares x (US$11 - US$10) x 50%	=	US$50
Tax liability for 2009 income year	=	US$143.50 (this amount will need to be converted into Euros)

The income tax is due even if Participant never exercises the Option or if Participant becomes a non-resident of Belgium before Participant exercises the Option.

An exception to the general taxation rule is available; the exception would result in favorable tax treatment by ***reducing the percentage factor from 17% to 8.5% (assuming a 7 year term)***. To qualify for the favorable tax treatment, Participant should execute an "Undertaking" (a sample document is attached to this Supplement) not to exercise any portion of the Option before the end of the third full calendar year following the calendar year of the Offer Date.

Assume the same facts used in the example above, except that Participant has executed an Undertaking not to exercise any portion of the Option before January 1, 2013. Under this exception, Participant's tax liability for the 2013 income year would be $96.75. The calculation would be as follows:

100 shares x US$11/share x 8.5% x 50%	=	US$46.75
100 shares x (US$11 - US$10) x 50%	=	US$50
Tax liability for 2013 income year	=	US$96.75 (this amount will need to be converted into Euros)

The income tax is due even if Participant never exercises the Option or if Participant becomes a non-resident of Belgium before Participant exercises the Option.

If the Option is taxed under this first alternative, Participant will not be subject to tax when Participant subsequently exercises the Option and purchase shares of the Company's Common Stock under the Plan, unless Participant exercises the Option before the date specified in Participant's Undertaking.

Finally, Participant should note that he or she may also decide to reject the Option within 60 days of the Offer Date, in which case Participant will not incur any tax liability (neither under the first alternative nor under the second alternative, discussed below). However, if Participant rejects the Option (or does not expressly accept the Option), his or her Option will be cancelled and Participant will get no benefit from the Option or any benefits/compensation in lieu of the cancelled Option.

2. <u>Taxation at Date of Exercise: Example</u>

Under the second alternative, if Participant accepts the Option more than 60 days after the Offer Date, the Option will be taxed only upon exercise. This tax treatment is based on a current interpretation of Belgian tax legislation by the Belgian Minister of Finance, which could subsequently be overturned by a court or by the Belgian legislature. The Company will not be liable/responsible in any way if taxation at exercise is not achieved as a result in a change in tax law or interpretation thereof.

If the Option is subject to tax at exercise, tax will need to be paid on the difference (or "spread") between the fair market value of the shares at exercise and the Exercise Price. Assuming the same facts as in Example 1 above, that the Exercise Price is US$10, Participant is granted an Option over 100 shares and Participant's marginal tax rate is 50%, and further assuming that the fair market value of the shares at exercise is US$15 and Participant exercises all of the optioned shares, Participant would pay tax in the amount of US$250 [($15-10) x 100 shares x 50%]. (This amount will need to be converted into Euros.)

To choose this tax treatment, Participant must accept the grant in writing **more than 60 days from the Offer Date but no later than the time the Option is exercised** by returning the executed Award Agreement to the Company. If Participant elects this tax treatment, there is no reason for Participant to sign the Undertaking.

General Tax Information

Taxation at Date of Sale

Regardless of when Participant accepts his or her offer, Participant will not be subject to tax when Participant sells shares acquired under the Plan.

Social Security Contributions

Under the first alternative (*i.e.*, Taxation at Offer Date), Participant may be subject to social security contributions if the Exercise Price is lower than the market value of the underlying shares on the Offer Date, as determined according to Belgian tax law, in which case Participant could be subject to social security contributions on such difference (or "discount") between the Exercise Price and the market value of the shares on the Offer Date. However, even if a discount exists, there are arguments that support the position that the discount should not be subject to social security contributions unless Participant's employer reimburses the Company for the costs of the Option or is otherwise involved in the administration of the Plan (neither of which is currently the case).

Under the second alternative (*i.e.*, Taxation at Date of Exercise), there are also arguments which support the position that the spread realized upon exercise of the Option should not be subject to social security contributions unless Participant's employer reimburses the Company for the costs of the Option or the Company has not granted the Option at its own discretion (neither of which is currently the case). However, this is not certain, and Participant should confirm his or her social security liability with his or her personal tax advisor before Participant exercises the Option.

Tax Withholding and Reporting

Under the first alternative, Participant's employer is required to report the taxable amount at the time of the Offer Date on a 281.10 salary form and a 325.10 recapitulative statement that will be given to Participant. In addition, Participant is responsible for reporting the grant of the Option on Participant's annual tax return. It is Participant's responsibility to pay any taxes due when the Option is offered to Participant.

Under the second alternative, Participant's employer should not be required to report or withhold any taxes. Participant is responsible for reporting the grant and exercise of the Option on Participant's annual return and to pay any taxes due as a result of the exercise of the Option.

Regardless of the tax treatment, Participant also may be required to report any security or bank account he or she holds outside of Belgium on Participant's annual tax return.

Accepting the Offer of the Option

If Participant decides to accept the Option, Participant must indicate his or her acceptance by executing the Award Agreement where noted and returning it in its entirety to:

Stock Administration
Fortinet, Inc.
1090 Kifer Road
Sunnyvale, CA 94086

If Participant elects to fall under the first alternative, Participant should return the executed Award Agreement as soon as possible, but no later than [insert date] (*i.e.*, 60 days after the Offer Date).

If Participant decides to execute the document entitled "Undertaking," Participant must retain the original executed document for submission with Participant's applicable tax return and send a copy of the document to the Company with Participant's executed Award Agreement.

As explained above, if Participant accepts the offer under the first alternative, he or she must pay income tax even if Participant never ultimately benefits from the Option. For example, this could occur if Participant terminates his or her employment with the Company or Participant's employer before the Option vests or before the Option is exercised. In addition, the Option could become valueless due to a drop in the value of the Company's Common Stock that is not followed by a sufficient recovery before the end of the option term.

If Participant elects to fall under the second alternative, he or she should return the executed Award Agreement after [insert date] (*i.e.*, 60 days after the Offer Date), but no later than the date the Option is exercised. There is no need to execute the Undertaking in this case.

If Participant does not expressly accept the Option by signing the Award Agreement where noted and returning it to the Company no later than the date the Option is exercised, the Option will be deemed rejected and cancelled. If the Option is deemed rejected, Participant will not be subject to tax, but Participant will not receive any benefit from the Option or any benefit/compensation in lieu of the cancelled Option.

FORTINET, INC.

2009 EQUITY INCENTIVE PLAN

UNDERTAKING FOR PARTICIPANTS IN BELGIUM

TO WHOM IT MAY CONCERN

The undersigned, having received from Fortinet, Inc. (the "Company"), an option to purchase **[insert]** shares of Common Stock of the Company, [insert fraction] of which will become exercisable on the one-year anniversary of the Date of Grant and [insert fraction] of which will vest on each subsequent anniversary of the Date of Grant thereafter for a period of [insert number of years] years, with vesting commencing on **[insert date] [Please revise vesting schedule as necessary]**, hereby undertakes:

(i) not to exercise any portion of this option before January 1, 2013. This undertaking is assumed pursuant to the second paragraph of section 6 of article 43 of the statute of March 26, 1999, for the purpose of obtaining for said option the favorable valuation provided in the first paragraph of said section 6;

(ii) not to transfer any portion of this option, except in the event of his or her death; and

(iii) fully to indemnify the Company and/or his or her Belgian employer, on first demand, against any tax and/or social security contribution liabilities that may become due as a result of non-compliance with the obligations set forth herein.

Date: _____

_____

Signature of Participant

_____

Print Full Name

(Attach this Undertaking to your tax return and return a copy to the Company.)

APPENDIX 1

RULES OF THE

FORTINET, INC.

2009 EQUITY INCENTIVE PLAN

FOR THE GRANT OF STOCK OPTIONS TO OPTIONEES IN FRANCE

1. Introduction.

(a) The Board of Directors of Fortinet, Inc. (the "Company") has established the Fortinet, Inc. 2009 Equity Incentive Plan (the "U.S. Plan") to attract and retain the best available personnel for positions of substantial responsibility, to promote the success of the Company's business, and to provide additional incentive to Employees, Directors and Consultants, including Employees and corporate officers of its French affiliate(s) (a "French Subsidiary"), of which the Company holds directly or indirectly at least 10% of the share capital.

(b) Section 4 of the U.S. Plan specifically authorizes a committee appointed by the Board (the "Committee"), or the Board itself, to administer the U.S. Plan (the "Administrator"). Section 4(b)(viii) of the U.S. Plan specifically authorizes the Administrator to prescribe, amend and rescind rules and regulations relating to the U.S. Plan, including rules and regulations relating to sub-plans established for the purpose of satisfying applicable foreign laws.

(c) The Administrator has determined that it is advisable to establish a sub-plan for the purpose of permitting such stock options granted to Employees and corporate officers of a French Subsidiary to qualify for favorable tax and social security treatment in France. The Administrator, therefore, intends to establish a sub-plan to the U.S. Plan for the purpose of granting options that qualify for favorable tax and social security treatment in France applicable to options granted under Sections L. 225-177 to L. 225-186-1° of the French Commercial Code, as amended, to eligible Employees and corporate officers in France who are resident in France for French tax purposes and/or subject to the French social security regime.

(d) The terms of the U.S. Plan shall, subject to the following rules, constitute the Rules of the Fortinet, Inc. 2009 Equity Incentive Plan for the Grant of Stock Options to Optionees in France (the "French Plan").

(e) In the event of an inconsistency between the U.S. Plan and the French Plan, the provisions of the French Plan shall govern.

2. Definitions. Capitalized terms used in the French Plan shall have the same meanings as set forth in the U.S. Plan, unless otherwise specified below. In addition,

(a) the term “Option” shall include both:

(i) purchase stock options (rights to acquire Shares repurchased by the Company prior to the date on which options become exercisable); and

(ii) subscription stock options (rights to subscribe newly issued Shares);

(b) the term “Grant Date” shall be the date on which the Administrator both:

(i) designates the Optionee; and

(ii) specifies the terms and conditions of the Option, including the number of Shares and the method for determining the exercise price;

(c) the term “Optionee” is defined as a person granted an Option pursuant to the French Plan;

(d) the term “Closed Period” shall mean the specific periods as set forth by Section L. 225-177 of the French Commercial Code, as amended, during which French qualifying Options cannot be granted, as follows:

(i) ten quotation days preceding and following the disclosure to the public of the consolidated financial statements or the annual statements of the Company; and

(ii) any period during which the corporate management of the Company possesses material information which could, if disclosed to the public, significantly impact the quotation of Shares, until ten quotation days after the day such information is disclosed to the public; and

(iii) any period of twenty quotation days after the date on which Shares start trading ex-dividend or ex-rights; and

(e) the term “Effective Grant Date” shall mean the date on which the Option is effectively granted (*i.e.*, the date on which the condition precedent of the expiration of a Closed Period applicable to the Option, if any, is satisfied). Such condition precedent shall be satisfied when the Administrator or other authorized corporate body shall determine that the granting of Options is no longer prevented under a Closed Period. If the Grant Date does not occur within a Closed Period, the “Effective Grant Date” shall be the same day as the “Grant Date.”

3. Entitlement to Participate.

(a) Any individual who is a salaried employee of a French Subsidiary under the terms and conditions of an employment contract ("*contrat de travail*") with the French Subsidiary or who is a corporate officer of the French Subsidiary, at the Grant Date, shall be eligible to receive Options under the French Plan provided that he or she also satisfies the eligibility requirements set forth in the U.S. Plan.

(b) Options may not be issued under the French Plan to employees or corporate officers owning more than ten percent (10%) of the Company's capital shares or to individuals not employed by a French Subsidiary.

(c) Options may not be issued to directors of a French Subsidiary, other than the managing directors (*Président du Conseil d'Administration*, *Directeur Général*, *Directeur Général Délégué*, *Membre du Directoire*, *Gérant de Sociétés par actions*) unless the director is an employee of the French Subsidiary, as defined by French law.

4. Conditions of the Option/Exercise Price.

(a) Notwithstanding any provision in the U.S. Plan to the contrary, the terms and conditions of the Options will not be modified after the Grant Date, except as provided under Sections 5(c), 5(f), 6, 7 and 8 of the French Plan, or as otherwise in keeping with French law. Notwithstanding any provision in the U.S. Plan to the contrary, and since Shares of the Company are traded on a regulated securities market, no Option may be granted to eligible optionees in France during specific Closed Periods as set forth by Section L. 225-177 of the French Commercial Code, as amended and as interpreted by the French administrative guidelines, to the extent Closed Periods are applicable under French law.

(b) The method for determining the exercise price per Share payable pursuant to Options issued hereunder shall be fixed by the Administrator on the Grant Date in accordance with the method fixed by the Administrator. The exercise price per Share, as determined on the Effective Grant Date, shall not be less than the greater of:

(i) with respect to purchase Options over Shares, the higher of either 80% of the average quotation price of such Shares during the 20 days of quotation immediately preceding the Effective Grant Date or 80% of the average purchase price paid for such Shares by the Company;

(ii) with respect to subscription Options over Shares, 80% of the average quotation price of such Shares during the 20 days of quotation immediately preceding the Effective Grant Date; and

(iii) 100% of the Fair Market Value of the Shares on the Effective Grant Date.

5. Exercise of an Option.

(a) Upon exercise of an Option, payment of the full exercise price and any required withholding tax or social insurance charges shall be paid either by check or credit transfer. Under a cashless exercise program, the Optionee may also give irrevocable instructions to a stockbroker to properly deliver the exercise price to the Company. No other method of payment will be allowed.

(b) The Options will vest and become exercisable pursuant to the terms and conditions set forth in the U.S. Plan, this French Plan, and the respective Award Agreement delivered to each Optionee. Notwithstanding any provision in the U.S. Plan, the Optionee will not be permitted to sell or to transfer Shares acquired upon exercise of an Option before the expiration of the applicable holding period for French qualifying Options set forth by Section 163 bis C of the French Tax Code, as amended, except as provided in this French Plan or as otherwise in keeping with French law. To prevent the Optionee from selling or transferring the Shares subject to the Option before the expiration of the applicable holding period, the Administrator may, in its discretion, restrict the vesting and/or exercisability of the Option and/or the sale or transfer of the Shares until the expiration of the applicable holding period, as set forth in the Award Agreement to be delivered to each Optionee. In any case, the restriction of the sale and transfer of the Shares cannot exceed three years as from the effective date of the exercise of the Options.

(c) If an Optionee dies while possessing unexpired Options that are not fully vested at the time of death, the unvested portion of the Options will become fully vested and exercisable upon death under the conditions set forth by Section 7 of the French Plan.

(d) If an Optionee's service with the French Subsidiary terminates by reason of disability, as provided in Section L. 341-4 of the French social security code, in accordance with Section 91-ter of Exhibit II to the French Tax Code ("Disability"), the Optionee may, to the extent otherwise entitled at the termination date, exercise such Option during twelve months starting on the termination date. If Optionee's service with the French Subsidiary terminates by reason of Disability and subject to the fulfillment of related conditions, the Optionee will benefit from the favorable tax and social security treatment upon sale or transfer of his or her shares, even if the compulsory holding period is not met.

(e) If an Optionee's service with the French Subsidiary terminates by reason of his or her forced retirement or dismissal as defined by Section 91-ter of Exhibit II to the French Tax Code as construed by the French tax and social security circulars and subject to the fulfillment of related conditions, his or her Option will benefit from the favorable treatment of French qualified options upon sale of his or her Shares, even if the compulsory holding period is not met, but only if Options were exercised at least three months prior to the effective date of the retirement or

dismissal as construed by the French tax and social security circulars.

(f) In the event of a reorganization of the Company within the meaning of Section 8 of the French Plan, the Administrator may, in its discretion, authorize the immediate vesting and exercise of Options before the date on which any such reorganization becomes effective.

(g) The Shares acquired upon exercise of an Option will be recorded in an account in the name of the shareholder with a broker or in such other manner as the Company may otherwise determine in order to ensure compliance with applicable law.

6. **Changes in Capitalization.** Notwithstanding any provisions in the U.S. Plan, adjustments to the exercise price and/or the Shares subject to an Option issued hereunder may be made to preclude the dilution or enlargement of benefits under the Option in the event of certain corporate transactions by the Company provided such adjustments occur as a result of a transaction as listed under Section L. 225-181 of the French Commercial Code, as amended, and under the provisions of Section L. 228-99 of the French Commercial Code, as amended, as well as according to specific decrees.

7. **Death.** If an Optionee dies while possessing unexpired Options, his or her Options may thereafter (for the six-month period following the death) be exercised in full by his or her designated beneficiary or, if none, the legal representative of his or her estate or by the legatee of the Option under his or her last will. Any Option that remains unexercised shall expire six months following the date of the Optionee's death.

8. **Reorganization.** In the event that a significant decrease in the value of Options granted to Optionees occurs or is likely to occur as a result of a Change of Control of the Company, or a liquidation, reorganization, merger, consolidation or amalgamation with another company in which the Company is not the surviving company, the Administrator may, in its discretion, authorize the immediate vesting and exercise of Options before the date on which any such Change of Control, liquidation, reorganization, merger, consolidation, or amalgamation becomes effective. If this occurs, the Options may not receive favorable tax and social security treatment pursuant to French law.

9. **Disqualification of Options**. If the Options are otherwise modified or adjusted in a manner in keeping with the terms of the U.S. Plan or as mandated as a matter of law and the modification or adjustment is contrary to the terms and conditions of this French Plan, the Options may no longer qualify as French-qualified options.

If the Options no longer qualify as French-qualified options, the Administrator may, provided it is authorized to do so under the U.S. Plan, lift, shorten or terminate certain restrictions applicable to the vesting of the Options, the exercisability of the Options, or the sale of the Shares which may have been imposed under this French Plan or in the Award Agreement delivered to the Optionees.

10. **Terms of Stock Options.** Options granted pursuant to the French Plan will expire not later than nine and one-half years after the Effective Grant Date.

11. **Non-transferability of Options.** Notwithstanding any provision in the U.S. Plan to the contrary and except in the case of death, Options cannot be transferred to any third party and Options are only exercisable by the Optionee during the lifetime of the Optionee, except upon death of the Optionee under the circumstances described in Section 7 above.

13. **Interpretation.** It is intended that Options granted under the French Plan shall qualify for the favorable tax and social insurance charges treatment applicable to stock options granted under Sections L. 225-177 to L. 225-186-1° of the French Commercial Code, as amended, and in accordance with the relevant provisions set forth by French tax law and the French tax administration, but there are no undertakings to maintain this status. The terms of the French Plan shall be interpreted accordingly and in accordance with the relevant provisions set forth by French tax and social insurance laws, the French tax and social security administrations, and any relevant Guidelines published by the French tax and social security administrations, and are subject to the fulfillment of legal, tax, and reporting obligations.

14. **Employment Rights.** The adoption of this French Plan shall not confer upon the Optionees, or any employees of the French Subsidiary, any employment rights, and shall not be construed as a part of any employment contracts that the French Subsidiary has with its employees.

15. **Amendments.** Subject to the terms of the U.S. Plan, the Administrator reserves the right to amend or terminate the French Plan at any time, without any retroactive effect.

16. **Adoption.** The French Plan was adopted by the Administrator on [insert date].

FORTINET, INC.

2009 EQUITY INCENTIVE PLAN

STOCK OPTION AWARD AGREEMENT

FOR OPTIONEES IN FRANCE

Unless otherwise defined herein, the terms defined in the Fortinet, Inc. 2009 Equity Incentive Plan (the "U.S. Plan") and the Rules of the Fortinet, Inc. 2009 Equity Incentive Plan for the Grant of Stock Options to Optionees in France (the "French Plan," and in conjunction with the U.S. Plan, the "Plan") will have the same defined meanings in this Stock Option Award Agreement for Optionees in France (the "Award Agreement"). To the extent that any term is defined in both the U.S. Plan and the French Plan, for purposes of this grant of a French-qualified Option, the definitions in the French Plan shall prevail.

I. NOTICE OF STOCK OPTION GRANT

Optionee Name:

Address:

You have been granted an Option to purchase Common Stock of Fortinet, Inc. (the "Company"), subject to the terms and conditions of the Plan and this Award Agreement, as follows:

Grant Number	_____
Date of Grant	_____
Vesting Commencement Date	_____
Exercise Price per Share	$ _____
Total Number of Shares Granted	_____
Total Exercise Price	$ _____
Type of Option:	Stock Option intending to comply with the requirements to obtain favorable French tax treatment
Term/Expiration Date:	[to be inserted; not more than 9.5 years]

Sale Restriction:

The Shares issued upon exercise of this Option may not be sold or otherwise transferred until the fourth (4th) anniversary of the Effective Grant Date (with a maximum restriction on sale of three (3) years from the date the Option is exercised) or such other date as may be required to comply with the applicable holding period for French-qualified Options, except as set out in the "Termination Period" provision below or as otherwise permitted under French law.

Vesting Schedule:

So long as the Optionee is an Employee or corporate officer of the Company or any Parent or Subsidiary of the Company, this Option may be exercised, in whole or in part, in accordance with the following schedule, subject to any acceleration provisions contained in the Plan or set forth below:

[INSERT VESTING SCHEDULE; no vesting prior to 1 year after grant date and need acceleration of vesting in the event of death]

Regardless of any provisions to the contrary in this Award Agreement or in the Plan, no Shares subject to the Option shall vest until the first anniversary date of the Effective Grant Date (the "Anniversary Date"), except in the event of death of the Optionee.

Termination Period:

This Option may be exercised, to the extent it is then vested, for up to three months after the Optionee ceases to be an Employee or a corporate officer of the Company or any Parent or Subsidiary of the Company. The restriction on the sale of Shares described in Section 6 of this Award Agreement will continue to apply even in case of termination of the Optionee unless the termination is due to dismissal or forced retirement according to the conditions of Section 91 ter of the Annex II of the French tax Code and as construed by the applicable guidelines. Notwithstanding the foregoing, upon death of the Optionee, this Option may be exercised in accordance with Section 7 of the French Plan. In the event the Optionee ceases to be an Employee or a corporate officer of the Company or any Parent or Subsidiary by reason of Disability (as defined under the French Plan), this Option may be exercised, to the extent it is then vested, for up to one year after the Optionee ceases to be an Employee or a corporate officer. Further, should the Optionee cease to be an Employee or a corporate officer of the Company or any Parent or Subsidiary by reason of death or Disability (as defined under the French Plan), the restriction on the sale of Shares described in Section 6 of the Award Agreement will not apply to the Shares acquired upon exercise of the Option, provided all required conditions are satisfied. In no event shall this Option be exercised after the Term/Expiration Date as provided above, except in the event of the Optionee's death. In the event of death, Optionee's heirs or beneficiaries will have six (6) months to exercise the Option.

By the Optionee's signature and the signature of the Company's representative below, the Optionee and the Company agree that this Option is granted under and governed by the terms and conditions of the Plan, including the French Plan, and this Award Agreement, including the Terms and Conditions of Stock Option Grant for Optionees in France attached hereto as Exhibit A, all of which are made a part of this document. The Optionee has reviewed the Plan and this Award Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Award Agreement and fully understands all provisions of the Plan and Award Agreement. The Optionee hereby agrees to accept as binding, conclusive, and final all decisions or interpretations of the Administrator upon any questions relating to the Plan and Award Agreement. The Optionee further agrees to notify the Company upon any change in the residence address indicated below.

OPTIONEE:

FORTINET, INC.

Signature

By

Print Name

Title

Residence Address:

EXHIBIT A

TERMS AND CONDITIONS OF STOCK OPTION GRANT

FOR OPTIONEES IN FRANCE

1. Grant of Option. The Company hereby grants to the individual named in the Notice of Grant attached as Part I of this Award Agreement (the "Optionee"), as of the Effective Grant Date, an option (the "Option") to purchase the number of Shares, as set forth in the Notice of Grant, at the exercise price per Share set forth in the Notice of Grant (the "Exercise Price"), subject to all of the terms and conditions in this Award Agreement and the Plan (including the French Plan), which is incorporated herein by reference. Subject to Section 19 of the Plan, in the event of a conflict between the terms and conditions of the Plan and the terms and conditions of this Award Agreement, the terms and conditions of the Plan will prevail. The Optionee understands and agrees that the Option is offered subject to and in accordance with the terms of the Plan (which includes the U.S. Plan and the French Plan), and the Optionee further agrees to be bound by the terms of the Plan and the terms of the Option as set forth in this Award Agreement.

This Option is intended to be a French-qualified Option that qualifies for the favorable tax and social security regime in France, as set forth in the French Plan. Certain events may affect the status of the Option as a French-qualified Option, and the Option may be disqualified in the future. The Company does not make any undertakings or representation to maintain the qualified status of the French-qualified Option during the life of the Option, and the Optionee will not be entitled to any damages if the Option no longer qualifies as a French-qualified Option.

2. Vesting Schedule. Except as provided in Section 3, the Option awarded by this Award Agreement will vest in accordance with the vesting provisions set forth in the Notice of Grant. Shares scheduled to vest on a certain date or upon the occurrence of a certain condition will not vest in the Optionee in accordance with any of the provisions of this Award Agreement, unless the Optionee will have been continuously an Employee or a corporate officer from the Effective Date of Grant until the date such vesting occurs.

3. Administrator Discretion. The Administrator, in its discretion, may accelerate the vesting of the balance, or some lesser portion of the balance, of the unvested Option at any time, subject to the terms of the Plan. If so accelerated, such Option will be considered as having vested as of the date specified by the Administrator.

4. Exercise of Option.

(a) Right to Exercise. This Option may be exercised only within the term set out in the Notice of Grant, and may be exercised during such term only in accordance with the Plan and the terms of this Award Agreement.

(b) Method of Exercise. This Option is exercisable by delivery of an exercise notice, in the form attached as Exhibit B (the "Exercise Notice") or in a manner and pursuant to such procedures as the Administrator may determine, which will state the election to exercise the Option, the number of Shares in respect of which the Option is being exercised (the "Exercised Shares"), and such other representations and agreements as may be required by the Company pursuant to the

provisions of the Plan. The Exercise Notice will be completed by the Optionee and delivered to the Company. The Exercise Notice will be accompanied by payment of the aggregate Exercise Price as to all Exercised Shares together with any applicable tax withholding. This Option will be deemed to be exercised upon receipt by the Company of such fully executed Exercise Notice accompanied by such aggregate Exercise Price.

5. Method of Payment. Payment of the aggregate Exercise Price will be by any of the following, or a combination thereof, at the election of the Optionee.

(a) cash;

(b) check;

(c) consideration received by the Company under a formal cashless exercise program adopted by the Company in connection with the Plan if such exercise occurs after the Sale Restriction described in the "Restriction on Sale of Shares" section below is no longer applicable.

6. Restriction on Sale of Shares.

(a) After issuance of the Shares to the Optionee upon exercise of the Option, the Optionee will not be permitted to sell, transfer, or assign the Shares until the fourth (4th) anniversary of the Effective Grant Date, or such other date as is required to comply with the applicable compulsory holding period for French-qualified options set forth by Section 163 bis C of the French Tax Code. The restriction on the sale of Shares described in this "Restriction on Sale of Shares" section of the Award Agreement will continue to apply even in case of termination of the Optionee unless the termination is due to death or Disability (as defined under the French Plan) of the Optionee or is due to dismissal or forced retirement according to the conditions set forth in Section 91 ter of the Annex II of the French tax Code and as construed by the applicable guidelines. In no event will the restriction on the sale of the Shares exceed a period of three (3) years from the date the Option is exercised. If the holding period applicable to Shares underlying the French-qualified Option is not met, this Option may not receive favorable tax and social security treatment under French law. In this case, the Optionee accepts and agrees that he or she will be responsible for paying personal income tax and his or her portion of social security contributions resulting from exercise of the Option.

(b) At the Company's discretion, the share certificates for all Shares subject to the French-qualified Option may bear a legend setting forth the restriction on sale for the time period set out in this Section 6. In addition, the share certificates may be held until the expiration of the holding period, at the Company's discretion, either (a) by the Company, (b) by a transfer agent designated by the Company, (c) in an account in the name of the Optionee with a broker designated by the Company, or (d) in such manner as the Company may otherwise determine in compliance with French law.

7. Responsibility for Taxes. Regardless of any action the Company and/or the Optionee's employer (the "Employer") takes with respect to any or all income tax, social insurance, payroll tax, payment on account or other tax-related items arising out of the Optionee's participation in the Plan and legally applicable to the Optionee ("Tax-Related Items"), the Optionee acknowledges that the ultimate liability for all Tax-Related Items is and remains the Optionee's responsibility and

may exceed the amount actually withheld by the Company and/or the Employer. The Optionee further acknowledge that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Option, including, but not limited to, the grant, vesting or exercise of the Option, the subsequent sale of Shares acquired pursuant to such exercise, and the receipt of any dividends; and (ii) do not commit and are under no obligation to structure the terms of the grant or any aspect of the Option to reduce or eliminate the Optionee's liability for Tax-Related Items or achieve any particular tax result. Furthermore, if the Optionee has become subject to tax in more than one jurisdiction between the Grant Date and the date of any relevant taxable event, the Optionee acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to the relevant taxable or tax withholding event, as applicable, the Optionee shall pay or make arrangements satisfactory to the Company and/or the Employer within the limits set forth by French law to satisfy all Tax-Related Items. In this regard, the Optionee authorizes the Company and/or the Employer, or their respective agents, at their discretion, to satisfy the Tax-Related Items by one or a combination of the following: (i) withholding from wages or other cash compensation paid to the Optionee by the Company, the Employer and/or any Subsidiary; or (ii) withholding from proceeds of the sale of Shares acquired at exercise of the Option either through a voluntary sale or through a mandatory sale arranged by the Company (on the Optionee's behalf pursuant to this authorization); or (iii) withholding in Shares to be issued at exercise of the Option. The Optionee acknowledges and agrees that if Tax-Related Items are satisfied by withholding from the proceeds of the sale of the Shares and the amount withheld is in excess of the amount due, the Company and/or the Employer will refund the excess amount to the Optionee as soon as administratively practicable and without interest.

To avoid any negative accounting treatment, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates. If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, the Optionee is deemed to have been issued the full number of Shares subject to the exercised Option, notwithstanding that a number of the shares are held back solely for the purpose of paying the Tax-Related Items due as a result of any aspect of the Optionee's participation in the Plan.

The Optionee shall pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of Participant's participation in the Plan that cannot be satisfied by the means previously described in this section. The Company may refuse to issue or deliver the Shares or the proceeds of the sale of shares if the Optionee fails to comply with these obligations in connection with the Tax-Related Items.

8. Rights as Stockholder. Neither the Optionee nor any person claiming under or through the Optionee will have any of the rights or privileges of a stockholder of the Company in respect of any Shares deliverable hereunder unless and until certificates representing such Shares will have been issued, recorded on the records of the Company or its transfer agents or registrars, and delivered to the Optionee. After such issuance, recordation and delivery, the Optionee will have all the rights of a stockholder of the Company with respect to voting such Shares and receipt of dividends and distributions on such Shares.

9. Nature of Grant. In accepting the Option, the Optionee acknowledges the following:

(a) the Optionee expressly warrants that the Optionee has received, read, and understood a description of the Plan; the Plan is established voluntarily by the Company, it is discretionary in nature, and it may be amended, suspended or terminated by the Company at any time;

(b) the grant of the Option is voluntary and occasional and does not create any contractual or other right to receive future grants of options, or benefits in lieu of options, even if options have been granted repeatedly in the past;

(c) all decisions with respect to future option grants, if any, will be at the sole discretion of the Company;

(d) the Optionee is voluntarily participating in the Plan;

(e) the Optionee's participation in the Plan shall not create a right to further employment with the Employer and shall not interfere with the ability of the Employer to terminate the Optionee's employment or relationship as an employee or a corporate officer at any time;

(f) the Option and any Shares subject to the Option are extraordinary items that do not constitute compensation of any kind for services of any kind rendered to the Company or the Employer, and are outside the scope of the Optionee's employment or service contract, if any;

(g) the Option and the Shares subject to the Option are not intended to replace any pension rights or compensation;

(h) the Option and the Shares subject to the Option are not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end of service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments, and in no event should be considered as compensation for, or relating in any way to, past services for the Employer, the Company or any Parent or Subsidiary of the Company;

(i) the Option and the Optionee's participation in the Plan will not be interpreted to form an employment contract or relationship with the Company or any Parent or Subsidiary of the Company;

(j) the future value of the Shares underlying the Option is unknown and cannot be predicted with certainty;

(k) in consideration of the grant of the Option, no claim or entitlement to compensation or damages shall arise from forfeiture of the Option resulting from termination of the Optionee's service with the Company or the Employer (for any reason whatsoever and whether or not in breach of local labor laws) and the Optionee irrevocably releases the Employer, the Company and/or any Parent or Subsidiary of the Company from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, then, by signing the Notice of Grant, the Optionee shall be deemed irrevocably to have waived the Optionee's entitlement to pursue such claim;

(l) in the event of termination of the Optionee's service with the Company or the Employer, the Optionee's right to exercise the Option, if any, will terminate effective as of the date that the Optionee is no longer actively employed and will not be extended by any notice period mandated under local law (*e.g.*, active employment would not include a period of "garden leave" or similar period pursuant to local law); the Administrator shall have the exclusive discretion to determine when the Optionee is no longer actively employed for purposes of the Option grant; and

(m) the Option and the benefits under the Plan, if any, will not automatically transfer to another company in the case of a merger, take-over, or transfer of liability.

10. No Advice Regarding Grant. The Company is not providing any tax, legal, or financial advice, nor is the Company making any recommendations regarding the Optionee's participation in the Plan or the Optionee's acquisition or sale of the underlying Shares. The Optionee is hereby advised to consult with his or her own tax, legal, and financial consultants regarding the Optionee's participation in the Plan before taking any action related to the Plan.

11. Data Privacy. The Optionee hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Optionee's personal data as described in this Award Agreement by and among, as applicable, the Employer, the Company and any Parent or Subsidiary of the Company for the exclusive purpose of implementing, administering and managing the Optionee's participation in the Plan.

The Optionee understands that the Company and the Employer may hold certain personal information about the Optionee, including, but not limited to, the Optionee's name, home address and telephone number, date of birth, social insurance or other identification number, salary, nationality, job title, any Shares or directorships held in the Company or any Parent or Subsidiary of the Company, details of all options or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in the Optionee's favor, for the exclusive purpose of implementing, administering and managing the Plan ("Personal Data").

The Optionee understands that Personal Data will be transferred to a broker designated by the Company or to any other third party assisting in the implementation, administration and management of the Plan. The Optionee understands that the recipients of the Personal Data may be located in the Optionee's country, outside the European Union, or elsewhere, and that the recipient's country may have different data privacy laws and protections than the Optionee's country. The Optionee understands that the Optionee may request a list with the names and addresses of any potential recipients of the Personal Data by contacting the Optionee's local human resources representative. The Optionee authorizes the Company, the broker, and any other recipients of Personal Data that may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer Personal Data, in electronic or other form, for the purposes of implementing, administering and managing the Optionee's participation in the Plan, including any requisite transfer of Personal Data as may be required to a broker or other third party with whom the Optionee may elect to deposit any Shares purchased upon exercise of the Option. The Optionee understands that Personal Data will be held only as long as is necessary to implement, administer and manage the Optionee's participation in the Plan. The Optionee understands that the Optionee may, at any time, view Personal Data, request additional information about the storage and processing of Personal Data, require any necessary amendments to Personal Data or refuse

or withdraw the consents herein, in any case without cost, by contacting in writing the Optionee's local human resources representative. The Optionee understands that refusal or withdrawal of consent may affect the Optionee's ability to participate in the Plan. For more information on the consequences of refusal to consent or withdrawal of consent, the Optionee understands that he or she may contact the Optionee's local human resources representative.

12. Address for Notices. Any notice to be given to the Company under the terms of this Award Agreement will be addressed to the Company, in care of Stock Administration at Fortinet, Inc., 1090 Kifer Road, Sunnyvale, CA 94086, or at such other address as the Company may hereafter designate in writing.

13. Non-Transferability of Option. This Option may not be transferred in any manner otherwise than by will or by the laws of descent or distribution and may be exercised during the lifetime of the Optionee only by the Optionee.

14. Binding Agreement. Subject to the limitation on the transferability of this grant contained herein, this Award Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

15. Additional Conditions to Issuance of Stock. If at any time the Company will determine, in its discretion, that the listing, registration or qualification of the Shares upon any securities exchange or under any U.S. state or federal law, or the consent or approval of any governmental regulatory authority is necessary or desirable as a condition to the issuance of Shares to the Optionee (or his or her estate), such issuance will not occur unless and until such listing, registration, qualification, consent or approval will have been effected or obtained free of any conditions not acceptable to the Company. Assuming such compliance, for income tax purposes the Exercised Shares will be considered transferred to the Optionee on the date the Option is exercised with respect to such Exercised Shares.

16. Plan Governs. This Award Agreement is subject to all terms and provisions of the Plan, including the French Plan. In the event of a conflict between one or more provisions of this Award Agreement and one or more provisions of the Plan, the provisions of the Plan will govern. Capitalized terms used and not defined in this Award Agreement will have the meaning set forth in the Plan.

17. Administrator Authority. The Administrator will have the power to interpret the Plan and this Award Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revoke any such rules (including, but not limited to, the determination of whether or not any Shares subject to the Option have vested). All actions taken and all interpretations and determinations made by the Administrator in good faith will be final and binding upon the Optionee, the Company, and all other interested persons. No member of the Administrator will be personally liable for any action, determination, or interpretation made in good faith with respect to the Plan or this Award Agreement.

18. Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to the Option awarded under the Plan or future options that may be awarded under the Plan by electronic means or request the Optionee's consent to participate in the Plan by electronic means. The Optionee hereby consents to receive such documents by electronic delivery

and agrees to participate in the Plan through any on-line or electronic system established and maintained by the Company or another third party designated by the Company.

19. Captions. Captions provided herein are for convenience only and are not to serve as a basis for interpretation or construction of this Award Agreement.

20. Agreement Severable. In the event that any provision in this Award Agreement will be held invalid or unenforceable, such provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of this Award Agreement.

21. Modifications to the Agreement. This Award Agreement constitutes the entire understanding of the parties on the subjects covered. The Optionee expressly warrants that he or she is not accepting this Award Agreement in reliance on any promises, representations, or inducements other than those contained herein. Modifications to this Award Agreement or the Plan can be made only in an express written contract executed by a duly authorized officer of the Company.

22. Governing Law and Venue. This Award Agreement will be governed by, and subject to, the laws of the State of California, without giving effect to the conflict of law principles thereof. For purposes of litigating any dispute that arises under the Option or this Award Agreement, the parties hereby submit to and consent to the jurisdiction of the State of California, and agree that such litigation will be conducted in the courts of Santa Clara County, California, or the federal courts for the United States for the Northern District of California, and no other courts, where this grant is made and/or to be performed.

23. Language. If the Optionee has received this Award Agreement or any other document related to the Option and/or the Plan translated into French, and if the meaning of the French version is different from the English version, the English version will control.

24. Imposition of Other Requirements. The Company reserves the right to impose other requirements on the Optionee's participation in the Plan, on the Option, and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable in order to comply with local laws or facilitate the administration of the Plan, and to require the Optionee to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

25. Language Consent. By signing and returning or by otherwise accepting this Award Agreement, the Optionee confirms having read and understood the documents relating to this Option (*i.e.*, the U.S. Plan, the French Plan, and this Award Agreement) which were provided in the English language. The Optionee accordingly accepts the terms of those documents.

Consentement à La Langue. En signant et renvoyant cette 'Accord, ou par acceptant autrement l'Accord, le Titulaire de l'Option confirme ainsi avoir lu et compris les documents relatifs à l'Option de Souscription, (c'est-à-dire, Le Plan, Le Plan pour la France et cette Accord) qui ont été fournis en langue anglaise. Le Titulaire de l'Option en accepte les termes de ces documents en connaissance de cause.

EXHIBIT B

FORTINET, INC.

2009 EQUITY INCENTIVE PLAN

EXERCISE NOTICE

FOR OPTIONEES IN FRANCE

Fortinet, Inc.
1090 Kifer Road, Sunnyvale, CA 94086
Attention: Stock Administration

Exercise of Option. Effective as of today, _____, _____, the undersigned ("Purchaser") hereby elects to purchase _____ shares (the "Shares") of the Common Stock of Fortinet, Inc. (the "Company") under and pursuant to the 2009 Equity Incentive Plan (the "U.S. Plan"), the Rules of the Fortinet, Inc. 2009 Equity Incentive Plan for the Grant of Stock Options to Optionees in France (the "French Plan," and in conjunction with the U.S. Plan, the "Plan"), and the Stock Option Award Agreement dated _____ (the "Award Agreement"). The purchase price for the Shares will be $_____, as required by the Award Agreement.

Delivery of Payment. Purchaser herewith delivers to the Company the full purchase price of the Shares and any required Tax-Related Items to be paid in connection with the exercise of the Option.

Representations of Purchaser. Purchaser acknowledges that Purchaser has received, read, and understood the Plan and the Award Agreement and agrees to abide by and be bound by their terms and conditions.

Rights as Stockholder. Until the issuance (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company) of the Shares, no right to vote or receive dividends or any other rights as a stockholder will exist with respect to the Shares subject to the Option, notwithstanding the exercise of the Option. The Shares so acquired will be issued to Purchaser as soon as practicable after exercise of the Option. No adjustment will be made for a dividend or other right for which the record date is prior to the date of issuance, except as provided in Section 13 of the Plan.

No Advice Regarding Grant. Purchaser understands that Purchaser may suffer adverse tax or financial consequences as a result of Purchaser's purchase or disposition of the Shares. Further, the Company is not providing any tax, legal, or financial advice, nor is the Company making any recommendations regarding Purchaser's participation in the Plan or Purchaser's acquisition or sale of the underlying Shares. Purchaser represents that Purchaser has consulted with any tax, legal, or

financial consultants Purchaser deems advisable in connection with the purchase or disposition of the Shares, and that Purchaser is not relying on the Company for any such advice.

Entire Agreement; Governing Law. The Plan and Award Agreement are incorporated herein by reference. This Exercise Notice, the Plan and the Award Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and Purchaser with respect to the subject matter hereof, and may not be modified adversely to the Purchaser's interest except by means of a writing signed by the Company and Purchaser. This agreement is governed by the internal substantive laws, but not the choice of law rules, of the State of California.

Submitted by:	Accepted by:
PURCHASER:	FORTINET, INC
_____	_____
Signature	By
_____	_____
Print Name	Title
Address:	
_____	
_____	
	_____
	Date Received

FORTINET, INC.

2009 EQUITY INCENTIVE PLAN

National Insurance Contributions Election

1. **Parties**

This Election is between:

(A) **[INSERT NAME OF EMPLOYEE]** (the "Participant"), who is eligible to receive stock options to acquire shares (hereinafter referred to as "Options") granted by Fortinet, Inc. of 1090 Kifer Road, Sunnyvale, CA 94086, United States of America (the "Company") pursuant to the terms and conditions of the 2009 Equity Incentive Plan (the "Plan"), and any successors in interest; and

(B) Fortinet UK Limited, with registered offices at Sovereign Court, Witan Gate, Central Milton Keynes, Buckinghamshire, MK9 2HP (the "Employer"), which employs Participant.

2. **Purpose of Election**

2.1 This Election relates to the Employer's secondary Class 1 National Insurance Contributions (the "Employer's Liability") which may arise on the occurrence of a "Taxable Event" which gives rise to relevant employment income pursuant to paragraph 3B(1A), Schedule 1 of the Social Security Contributions and Benefits Act 1992 ("SSCBA"), including:

(i) the acquisition of securities pursuant to the Options (within section 477(3)(a) ITEPA); and/or

(ii) the assignment or release of the Options in return for consideration (within section 477(3)(b) ITEPA);

(iii) the receipt of a benefit in connection with the Options (within section 477(3)(c) ITEPA); and/or

(iv) post-acquisition charges relating to the Options (within section 427 ITEPA); and/or

(v) post-acquisition charges relating to the Options (within section 439 ITEPA).

In this Election, ITEPA means the Income Tax (Earnings and Pensions) Act 2003.

2.2 This Election is made in accordance with paragraph 3B(1) of Schedule 1 to SSCBA.

2.3 This Election applies to all Options granted to Participant under the Plan on or after **[insert date]** up to the termination date of the Plan.

2.4 This Election does not apply in relation to any liability, or any part of any liability, arising as a result of regulations being given retrospective effect by virtue of section 4B(2) of either the Social Security Contributions and Benefits Act 1992, or the Social Security Contributions and Benefits (Northern Ireland) Act 1992.

2.5 This Election will not apply to the extent that it relates to relevant employment income which is employment income of the earner by virtue of Chapter 3A of Part 7 of ITEPA (employment income: securities with artificially depressed market value).

3. **The Election**

Participant and the Employer jointly elect that the entire liability of the Employer to pay the Employer's Liability on the Taxable Event is hereby transferred to Participant. Participant understands that by signing this Election, he or she will become personally liable for the Employer's Liability covered by this Election.

4. **Payment of the Employer's Liability**

4.1 Participant and the Company acknowledge that the Employer is under a duty to remit the Employer's Liability to HM Revenue & Customs on behalf of Participant within 14 days after the end of the UK tax month during which the Taxable Event occurs, or such other period of time, as prescribed. Participant agrees to pay to the Employer the Employer's Liability on demand, at any time on or after the Taxable Event, and hereby authorises the Employer to account for the Employer's Liability to HM Revenue & Customs.

4.2 Without limitation to Clause 4.1 above, Participant hereby authorises the Company and/or the Employer to collect the Employer's Liability from Participant at any time after the Taxable Event:

(i) by withholding in shares in accordance with the Stock Option Award Agreement entered into between Participant and the Company; and/or

(ii) by deduction from salary or any other payment payable to Participant at any time on or after the date of the Taxable Event; and/or

(iii) directly from Participant by payment in cash or cleared funds; and/or

(iv) by arranging, on behalf of Participant, for the sale of some of the securities which Participant is entitled to receive upon the exercise of the Options; and/or

(v) through any other method as set forth in the Stock Option Award Agreement entered into between Participant and the Company.

4.3 The Company hereby reserves for itself and the Employer the right to withhold the transfer of any securities under the Stock Option Award Agreement to Participant until full payment of the Employer's Liability is received.

5. **Duration of Election**

5.1 Participant and the Employer agree to be bound by the terms of this Election regardless of whether Participant is transferred abroad or is not employed by the Employer on the date on which the Employer's Liability becomes due.

5.2 This Election will continue in effect until the earliest of the following:

(i) the date on which both Participant and the Employer agree in writing that it should cease to have effect;

(ii) the date on which the Employer serves written notice on Participant terminating its effect;

(iii) the date on which HM Revenue & Customs withdraws approval of this Form of Election; or

(iv) the date on which the Election ceases to have effect according to its terms.

5.3 This Election will continue in force regardless of whether Participant ceases to be an employee of the Employer.

Signed by **[INSERT NAME OF PARTICIPANT]**

Participant _____

National Insurance No. _____

Date _____

Signed for and on behalf of **Fortinet UK Ltd.**

The Employer _____

Position _____

Date _____

FORTINET, INC.

2009 EMPLOYEE STOCK PURCHASE PLAN

National Insurance Contributions Election

1. **Parties**

This Election is between:

(A) **[INSERT NAME OF EMPLOYEE]** (the "Participant"), who is eligible to receive options to acquire shares of Common Stock (hereinafter referred to as "Options") granted by Fortinet, Inc. of 1090 Kifer Road, Sunnyvale, CA 94086, United States of America (the "Company") pursuant to the terms and conditions of the 2009 Employee Stock Purchase Plan (the "Plan"), and any successors in interest; and

(B) Fortinet UK Limited, with registered offices at Sovereign Court, Witan Gate, Central Milton Keynes, Buckinghamshire, MK9 2HP (the "Employer"), which employs Participant.

2. **Purpose of Election**

2.1 This Election relates to the Employer's secondary Class 1 National Insurance Contributions (the "Employer's Liability") which may arise on the occurrence of a "Taxable Event" which gives rise to relevant employment income pursuant to paragraph 3B(1A), Schedule 1 of the Social Security Contributions and Benefits Act 1992 ("SSCBA"), including:

(i) the acquisition of securities pursuant to the Options (within section 477(3)(a) ITEPA); and/or

(ii) the assignment or release of the Options in return for consideration (within section 477(3)(b) ITEPA);

(iii) the receipt of a benefit in connection with the Options (within section 477(3)(c) ITEPA); and/or

(iv) post-acquisition charges relating to the Options (within section 427 ITEPA); and/or

(v) post-acquisition charges relating to the Options (within section 439 ITEPA).

In this Election, ITEPA means the Income Tax (Earnings and Pensions) Act 2003.

2.2 This Election is made in accordance with paragraph 3B(1) of Schedule 1 to SSCBA.

2.3 This Election applies to all Options granted to Participant under the Plan on or after **[insert date]** up to the termination date of the Plan.

2.4 This Election does not apply in relation to any liability, or any part of any liability, arising as a result of regulations being given retrospective effect by virtue of section 4B(2) of either the Social Security Contributions and Benefits Act 1992, or the Social Security Contributions and Benefits (Northern Ireland) Act 1992.

2.5 This Election will not apply to the extent that it relates to relevant employment income which is employment income of the earner by virtue of Chapter 3A of Part 7 of ITEPA (employment income: securities with artificially depressed market value).

3. **The Election**

Participant and the Employer jointly elect that the entire liability of the Employer to pay the Employer's Liability on the Taxable Event is hereby transferred to Participant. Participant understands that by signing this Election, he or she will become personally liable for the Employer's Liability covered by this Election.

4. **Payment of the Employer's Liability**

4.1 Participant and the Company acknowledge that the Employer is under a duty to remit the Employer's Liability to HM Revenue & Customs on behalf of Participant within 14 days after the end of the UK tax month during which the Taxable Event occurs, or such other period of time, as prescribed. Participant agrees to pay to the Employer the Employer's Liability on demand, at any time on or after the Taxable Event, and hereby authorises the Employer to account for the Employer's Liability to HM Revenue & Customs.

4.2 Without limitation to Clause 4.1 above, Participant hereby authorises the Company and/or the Employer to collect the Employer's Liability from Participant at any time after the Taxable Event:

(i) by withholding in shares in accordance with the Subscription Agreement entered into between Participant and the Company; and/or

(ii) by deduction from salary or any other payment payable to Participant at any time on or after the date of the Taxable Event; and/or

(iii) directly from Participant by payment in cash or cleared funds; and/or

(iv) by arranging, on behalf of Participant, for the sale of some of the securities which Participant is entitled to receive upon the exercise of the Options; and/or

(v) through any other method as set forth in the Subscription Agreement entered into between Participant and the Company.

4.3 The Company hereby reserves for itself and the Employer the right to withhold the transfer of any securities under the Subscription Agreement to Participant until full payment of the Employer's Liability is received.

5. **Duration of Election**

5.1 Participant and the Employer agree to be bound by the terms of this Election regardless of whether Participant is transferred abroad or is not employed by the Employer on the date on which the Employer's Liability becomes due.

5.2 This Election will continue in effect until the earliest of the following:

(i) the date on which both Participant and the Employer agree in writing that it should cease to have effect;

(ii) the date on which the Employer serves written notice on Participant terminating its effect;

(iii) the date on which HM Revenue & Customs withdraws approval of this Form of Election; or

(iv) the date on which the Election ceases to have effect according to its terms.

5.3 This Election will continue in force regardless of whether Participant ceases to be an employee of the Employer.

Signed by **[INSERT NAME OF PARTICIPANT]**

Participant _____

National Insurance No. _____

Date _____

Signed for and on behalf of **Fortinet UK Ltd.**

The Employer _____

Position _____

Date _____

Exhibit 10.5

FORTINET, INC.

CHANGE OF CONTROL SEVERANCE AGREEMENT

This Change of Control Severance Agreement (the "Agreement") is made and entered into by and between Ken Xie ("Executive") and Fortinet, Inc. (the "Company"), effective as of August 7, 2009 (the "Effective Date").

RECITALS

1. It is expected that the Company from time to time will consider the possibility of an acquisition by another company or other change of control. The Board of Directors of the Company (the "Board") recognizes that such consideration can be a distraction to Executive and can cause Executive to consider alternative employment opportunities. The Board has determined that it is in the best interests of the Company and its stockholders to assure that the Company will have the continued dedication and objectivity of Executive, notwithstanding the possibility, threat or occurrence of a Change of Control (as defined herein) of the Company.

2. The Board believes that it is in the best interests of the Company and its stockholders to provide Executive with an incentive to continue his or her employment and to motivate Executive to maximize the value of the Company upon a Change of Control for the benefit of its stockholders.

3. The Board believes that it is imperative to provide Executive with certain benefits upon termination of employment prior to and following a Change of Control. These benefits will provide Executive with enhanced financial security and incentive and encouragement to remain with the Company.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties hereto agree as follows:

1. Term of Agreement. This Agreement will terminate upon earlier to occur of: (a) the Agreement's termination date as provided in Section 8 below, and (b) the date that all of the obligations of the parties hereto with respect to this Agreement have been satisfied.

2. At-Will Employment. The Company and Executive acknowledge that Executive's employment is and will continue to be at-will, as defined under applicable law. If Executive's employment terminates for any reason, including (without limitation) any termination prior to or following a Change of Control, Executive will not be entitled to any acceleration of Award vesting or severance pay based on termination of employment other than as provided by this Agreement.

3. Severance Benefits.

(a) Involuntary Termination Prior to, or Absent, a Change of Control or After 12 Months Following a Change of Control. If prior to, or absent, a Change of Control or after twelve

(12) months following a Change of Control, (i) the Company (or any parent or subsidiary of the Company) terminates Executive's employment without Cause or (ii) Executive terminates Executive's employment with the Company (or any parent or subsidiary of the Company) for Good Reason, then, subject to Sections 3(c) and (d) below, Executive will receive the following severance from the Company:

(i) Severance Payment. Executive will receive continuing payments of severance pay for a period of twelve (12) months from the date of such termination equal to Executive's base salary rate as in effect immediately prior to Executive's termination.

(ii) Continued Employee Benefits. Executive will receive Company-paid coverage for a period of twelve (12) months for Executive and Executive's eligible dependents under the Company's Benefit Plans.

(b) Involuntary Termination within 12 Months Following a Change of Control. If within twelve (12) months following a Change of Control, (i) the Company (or any parent or subsidiary of the Company) terminates Executive's employment without Cause or (ii) Executive terminates Executive's employment with the Company (or any parent or subsidiary of the Company) for Good Reason, then, subject to Section 3(c) and Section 3(d) below, Executive will receive the following severance from the Company:

(i) Severance Payment. Executive will receive continuing payments of severance pay for a period of twelve (12) months from the date of such termination equal to Executive's base salary rate as in effect immediately prior to (A) the Change of Control, or (B) Executive's termination, whichever is greater.

(ii) Equity Awards. If Executive holds unvested equity awards ("Awards") then one hundred percent (100%) of the unvested portion of such Awards will immediately vest and become exercisable, and, to the extent applicable, the Company's right of repurchase or reacquisition with respect to such Awards will lapse. The Awards will remain exercisable, to the extent applicable, following the termination for the period prescribed in the respective stock plan and agreement for each Award.

(iii) Continued Employee Benefits. Executive will receive Company-paid coverage for a period of twelve (12) months for Executive and Executive's eligible dependents under the Company's Benefit Plans.

(c) Release of Claims Agreement. The receipt of any severance pay or other benefits pursuant to Sections 3(a) and (b) above will be subject to Executive signing and not revoking a release of claims agreement with the Company in a form reasonably acceptable to the Company (provided the Company will work in good faith with Executive to reach agreement on the form of release) that is effective and irrevocable no later than the later of (i) the fifteenth day of the third month after the end of the Company's fiscal year in which such termination of employment occurs, or (ii) March 15 of the calendar year following the calendar year in which such termination of employment occurs. No severance pay or other benefits will be paid or provided until the release of claims agreement becomes effective, and any severance amounts or benefits otherwise payable

between the date of Executive's termination and the date of such release becomes effective and irrevocable shall be paid on the effective date of such release.

(d) Non-solicitation and Non-competition. Executive agrees, to the extent permitted by applicable law, that in the event Executive receives severance pay or other benefits pursuant to Sections 3(a) and (b) above, for the twelve (12) consecutive month period immediately following the date of Executive's termination, Executive, as a condition to receipt of severance pay and benefits under Sections 3(a) and (b), will not (i) either directly or indirectly, solicit, induce, recruit, encourage any employee of the Company to leave his employment either for Executive or for any other entity or person, or (ii) without the express written consent of the Company, directly or indirectly engage in, enter the employ, have any ownership interest in, or participate in any entity that as of the date of involuntary termination, engages in the design, development, manufacture, production, marketing, sale or servicing of any product or the provision of any service that competes with any service offered by the Company or any product sold by the Company or under development by the Company; provided, however, that ownership of less than one percent (1%) of the outstanding stock of any publicly traded corporation will not be deemed to be violative of the restrictive covenant set forth in this paragraph. The provisions of clause (ii) will not apply to Executive to the extent Executive is providing services or residing in the State of California.

The covenants contained in this Section 3(d) hereof shall be construed as a series of separate covenants, one for each country, province, state, city or other political subdivision in which the Company currently engages in its business or, during the term of this Agreement, becomes engaged in its business. Except for geographic coverage, each such separate covenant shall be deemed identical in terms to the covenant contained in this Section 3(d). If, in any judicial proceeding, a court refuses to enforce any of such separate covenants (or any part thereof), then such unenforceable covenant (or such part) shall be eliminated from this Agreement to the extent necessary to permit the remaining separate covenants (or portions thereof) to be enforced. In the event that the provisions of this Section 3(d) are deemed to exceed the time, geographic or scope limitations permitted by applicable law, then such provisions shall be reformed to the maximum time, geographic or scope limitations, as the case may be, permitted by applicable law.

(e) Timing of Severance Payments. The Company will pay the severance payments to which Executive is entitled as salary continuation with the same timing as in effect immediately prior to Executive's termination of employment. If Executive should die before all amounts have been paid, such unpaid amounts will be paid in a lump-sum payment (less any withholding taxes) to Executive's designated beneficiary, if living, or otherwise to the personal representative of Executive's estate.

(f) Voluntary Resignation; Termination For Cause. If Executive's employment with the Company terminates (i) voluntarily by Executive (except upon a termination for Good Reason within twelve (12) months following a Change of Control) or (ii) for Cause by the Company (or any parent or subsidiary of the Company), then Executive will not be entitled to receive severance or other benefits except for those benefits (if any) which do not concern acceleration of Award vesting or severance pay based on termination of employment as may then be established under other Company policies or programs, if any.

(g) Disability; Death. If the Company terminates Executive's employment as a result of Executive's Disability, or Executive's employment terminates due to his or her death, then Executive will not be entitled to receive severance or other benefits except for those benefits (if any) which do not concern acceleration of Award vesting or severance pay based on termination of employment as may then be established under other Company policies or programs, if any.

(h) Exclusive Remedy. In the event of a termination of Executive's employment with the Company (or any parent or subsidiary of the Company), the provisions of this Section 3 are intended to be and are exclusive and in lieu of any other rights or remedies to which Executive or the Company may otherwise be entitled, whether at law, tort or contract, in equity, or under this Agreement. Executive will be entitled to no severance or other benefits upon termination of employment with respect to acceleration of Award vesting or severance pay other than those benefits expressly set forth in this Section 3.

(i) Section 409A. Notwithstanding anything to the contrary in this Agreement, no severance pay or benefits to be paid or provided to Executive, if any, pursuant to this Agreement, when considered together with any other severance payments or separation benefits that are considered deferred compensation under Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and any final regulations and official guidance promulgated thereunder ("Section 409A") (together, the "Deferred Compensation Separation Benefits") will be paid or otherwise provided until Executive has a "separation from service" within the meaning of Section 409A. In addition, if Executive is a "specified employee" within the meaning of Section 409A at the time of Executive's termination (other than due to death), then the Deferred Compensation Separation Benefits that are payable within the first six (6) months following Executive's separation from service, will become payable on the first payroll date that occurs on or after the date six (6) months and one (1) day following the date of Executive's separation from service. All subsequent Deferred Compensation Separation Benefits, if any, will be payable in accordance with the payment schedule applicable to each payment or benefit. Notwithstanding anything herein to the contrary, if Executive dies following Executive's separation from service, but prior to the six (6) month anniversary of the separation from service, then any payments delayed in accordance with this paragraph will be payable in a lump sum as soon as administratively practicable after the date of Executive's death and all other Deferred Compensation Separation Benefits will be payable in accordance with the payment schedule applicable to each payment or benefit. Each payment and benefit payable under this Agreement is intended to constitute separate payments for purposes of Section 1.409A-2(b)(2) of the Treasury Regulations. The foregoing provisions are intended to comply with the requirements of Section 409A so that none of the severance payments and benefits to be provided hereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities herein will be interpreted to so comply. Executive and the Company agree to work together in good faith to consider amendments to this Agreement and to take such reasonable actions which are necessary, appropriate or desirable to avoid imposition of any additional tax or income recognition prior to actual payment to Executive under Section 409A.

4. Limitation on Payments. In the event that the severance and other benefits provided for in this Agreement or otherwise payable to Executive (i) constitute "parachute payments" within the meaning of Section 280G of the Code and (ii) but for this Section 4, would be subject to the

excise tax imposed by Section 4999 of the Code, then Executive's severance benefits under Section 4(a)(i) will be either:

(a) delivered in full, or

(b) delivered as to such lesser extent which would result in no portion of such severance benefits being subject to excise tax under Section 4999 of the Code,

whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the excise tax imposed by Section 4999, results in the receipt by Executive on an after-tax basis, of the greatest amount of severance benefits, notwithstanding that all or some portion of such severance benefits may be taxable under Section 4999 of the Code. If a reduction in severance and other benefits constituting "parachute payments" is necessary so that benefits are delivered to a lesser extent, reduction shall occur in the following order: reduction of cash payments; cancellation of awards granted "contingent on a change in ownership or control" (within the meaning of Code Section 280G); cancellation of accelerated vesting of equity awards; reduction of employee benefits. In the event that acceleration of vesting of equity award compensation is to be reduced, such acceleration of vesting shall be cancelled in the reverse order of the date of grant of Executive's equity awards. Unless the Company and Executive otherwise agree in writing, any determination required under this Section 4 will be made in writing by an independent firm immediately prior to Change of Control (the "Firm"), whose determination will be conclusive and binding upon Executive and the Company for all purposes. For purposes of making the calculations required by this Section 4, the Firm may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Company and Executive will furnish to the Firm such information and documents as the Firm may reasonably request in order to make a determination under this Section. The Company will bear all costs the Firm may reasonably incur in connection with any calculations contemplated by this Section 4.

5. Definition of Terms. The following terms referred to in this Agreement will have the following meanings:

(a) Benefit Plans. For purposes of this Agreement, "Benefit Plans" means plans, policies or arrangements that the Company sponsors (or participates in) and that immediately prior to Executive's termination of employment provide Executive and/or Executive's eligible dependents with medical, dental, and/or vision benefits. Benefit Plans do not include any other type of benefit (including, but not by way of limitation, disability, life insurance or retirement benefits). A requirement that the Company provide Executive and Executive's eligible dependents with coverage under the Benefit Plans will not be satisfied unless the coverage is no less favorable than that provided to senior executives of the Company at any applicable time during the period Executive is entitled to receive severance pursuant to Section 3. The Company may, at its option, satisfy any requirement that the Company provide coverage under any Benefit Plan by (i) reimbursing Executive's premiums under Title X of the Consolidated Budget Reconciliation Act of 1985, as amended ("COBRA") after Executive has properly elected continuation coverage under COBRA (in which case Executive will be solely responsible for electing such coverage for his eligible dependents), or (ii) providing coverage under a separate plan or plans providing coverage that is no

less favorable or by paying Executive a lump-sum payment which is, on an after-tax basis, sufficient to provide Executive and Executive's eligible dependents with equivalent coverage under a third party plan that is reasonably available to Executive and Executive's eligible dependents.

(b) Cause. "Cause" is defined as (i) an act of dishonesty made by Executive in connection with Executive's responsibilities as an employee that materially adversely affects the Company, (ii) Executive's conviction of, or plea of nolo contendere to, a felony or any crime involving fraud, embezzlement or any other act of moral turpitude, (iii) Executive's gross misconduct that materially and adversely affects the Company's reputation or business, or (iv) Executive's continued intentional refusal to perform his employment duties in a material fashion that materially and adversely affects the Company's reputation or business, after Executive has received a written demand of performance from the Company which specifically sets forth the factual basis for the Company's belief that Executive has not substantially performed his duties and Executive continues to refuse to cure such non-performance within thirty (30) days after receiving such notice.

(c) Change of Control. "Change of Control" of the Company is defined as:

(i) the acquisition by any one person, or more than one person acting as a group (for these purposes, persons will be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with the Company), ("Person") that or is or becomes the owner, directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding securities (the "Voting Securities"); provided, however, that for purposes of this subsection (i), the acquisition of additional securities by any one Person, who is considered to own more than fifty percent (50%) of the total voting power of the securities of the Company shall not be considered a Change of Control;

(ii) a change in the composition of the Board occurring within a twelve (12)-month period, as a result of which fewer than a majority of the directors are Incumbent Directors. "Incumbent Directors" will mean directors who either (A) are directors of the Company as of the date hereof, or (B) are elected, or nominated for election, to the Board with the affirmative votes of at least a majority of the Incumbent Directors at the time of such election or nomination (but will not include an individual whose election or nomination is in connection with an actual or threatened proxy contest relating to the election of directors to the Company);

(iii) the date of the consummation of a merger or consolidation of the Company with any other corporation that has been approved by the stockholders of the Company, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) fifty percent (50%) or more of the total voting power represented by the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation, or the stockholders of the Company approve a plan of complete liquidation of the Company; or

(iv) a change in the ownership of a substantial portion of the Company's assets which occurs on the date that any Person acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) assets from the Company that have a total gross fair market value equal to or more than fifty percent (50%) of the total fair market value of all of the assets of the Company immediately prior to such acquisition or acquisitions; provided, however, that for purposes of this Section 5.(c)(iv), the following shall not constitute a change in the ownership of a substantial portion of the Company's assets: (1) a transfer to an entity that is controlled by the Company's shareholders immediately after the transfer; or (2) a transfer of assets by the Company to: (A) a shareholder of the Company (immediately before the asset transfer) in exchange for or with respect to the Company's securities; (B) an entity, fifty percent (50%) or more of the total value or voting power of which is owned, directly or indirectly, by the Company; (C) a Person, that owns, directly or indirectly, fifty percent (50%) or more of the total value or voting power of all the outstanding stock of the Company; or (D) an entity, at least fifty percent (50%) of the total value or voting power of which is owned, directly or indirectly, by a Person described in subsection (C). For purposes of this clause (2), gross fair market value means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets.

Notwithstanding the foregoing, a Company transaction that does not constitute a change in control event under Treasury Regulation 1.409A-3(i)(5)(v) or (vii) shall be not be considered a Change of Control.

(d) Disability. "Disability" will mean that Executive has been unable to perform his Company duties as the result of his incapacity due to physical or mental illness, and such inability, at least twenty-six (26) weeks after its commencement, is determined to be total and permanent by a physician selected by the Company or its insurers and acceptable to Executive or Executive's legal representative (such Agreement as to acceptability not to be unreasonably withheld). Termination resulting from Disability may only be effected after at least thirty (30) days' written notice by the Company of its intention to terminate Executive's employment. In the event that Executive resumes the performance of substantially all of his duties hereunder before the termination of his employment becomes effective, the notice of intent to terminate will automatically be deemed to have been revoked.

(e) Good Reason. "Good Reason" means the occurrence of one or more of the following events without Executive's express written consent: (i) the assignment to Executive of any duties or the reduction of Executive's duties, either of which results in a material diminution in Executive's position or responsibilities with the Company in effect immediately prior to such assignment, or the removal of Executive from such position and responsibilities, unless Executive is provided with comparable duties, position and responsibilities; provided, however, it being understood that a new position with a larger combined company does not alone constitute "Good Reason" if it is in the same area of operations and involves substantially the same duties and scope of responsibilities and management responsibility notwithstanding that Executive may not retain as senior of a title within the larger combined company as Executive's prior title; (ii) a material reduction by the Company in the base salary of Executive; provided that, it being understood that a reduction by the Company by five percent (5%) or more in the base salary or bonus opportunity of Executive as in effect immediately prior to such reduction shall be deemed Good Reason within the

meaning of this clause (ii); (iii) a material change in the geographic location at which Executive must perform services (for purposes of this Agreement, the relocation of Executive to a facility or a location less than twenty-five (25) miles from Executive's then-present location shall not be considered a material change in geographic location); (iv) any material breach by the Company of any material provision of this Agreement, or (vi) the failure of the Company to obtain the assumption of this Agreement by any successor. Executive will not resign for Good Reason without first providing the Company with written notice of the acts or omissions constituting the grounds for "Good Reason" within ninety (90) days of the initial existence of the grounds for "Good Reason" and a reasonable cure period of not less than thirty (30) days following the date of such notice.

6. Successors.

(a) The Company's Successors. Any successor to the Company (whether direct or indirect and whether by purchase, merger, consolidation, liquidation or otherwise) to all or substantially all of the Company's business and/or assets will assume the obligations under this Agreement and agree expressly to perform the obligations under this Agreement in the same manner and to the same extent as the Company would be required to perform such obligations in the absence of a succession. For all purposes under this Agreement, the term "Company" will include any successor to the Company's business and/or assets which executes and delivers the assumption agreement described in this Section 6(a) or which becomes bound by the terms of this Agreement by operation of law.

(b) Executive's Successors. The terms of this Agreement and all rights of Executive hereunder will inure to the benefit of, and be enforceable by, Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

7. Notice.

(a) General. Notices and all other communications contemplated by this Agreement will be in writing and will be deemed to have been duly given when personally delivered or when mailed by U.S. registered or certified mail, return receipt requested and postage prepaid. In the case of Executive, mailed notices will be addressed to him or her at the home address which he or she most recently communicated to the Company in writing. In the case of the Company, mailed notices will be addressed to its corporate headquarters, and all notices will be directed to the attention of its President.

(b) Notice of Termination. Any termination by the Company for Cause or by Executive for Good Reason or as a result of a voluntary resignation by Executive will be communicated by a notice of termination to the other party hereto given in accordance with Section 7(a) of this Agreement. Such notice will indicate the specific termination provision in this Agreement relied upon, will set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination under the provision so indicated, and will specify the termination date (which will be not more than thirty (30) days after the giving of such notice). The failure by Executive to include in the notice any fact or circumstance which contributes to a showing of Good Reason will not waive any right of Executive hereunder or preclude Executive from asserting such fact or circumstance in enforcing his or her rights hereunder.

8. Term of Agreement. This Agreement will have a term of five (5) years commencing on the Effective Date, which shall not be subject to renewal, unless a Change of Control occurs during such five (5)-year period, in which case this Agreement will continue until all payments and benefits, if any, have been made to Executive.

9. Arbitration.

(a) Any dispute or controversy arising out of, relating to, or in connection with this Agreement, or the interpretation, validity, construction, performance, breach, or termination thereof, shall be settled by binding arbitration to be held in Santa Clara County, California, in accordance with the National Rules for the Resolution of Employment Disputes then in effect of the American Arbitration Association (the "Rules"). The arbitrator may grant injunctions or other relief in such dispute or controversy. The decision of the arbitrator shall be final, conclusive and binding on the parties to the arbitration. Judgment may be entered on the arbitrator's decision in any court having jurisdiction.

(b) The arbitrator(s) shall apply California law to the merits of any dispute or claim, without reference to conflicts of law rules. The arbitration proceedings shall be governed by federal arbitration law and by the Rules, without reference to state arbitration law. Executive hereby consents to the personal jurisdiction of the state and federal courts located in California for any action or proceeding arising from or relating to this Agreement or relating to any arbitration in which the parties are participants.

(c) Executive understands that nothing in this Section modifies Executive's at-will employment status. Either Executive or the Company can terminate the employment relationship at any time, with or without Cause.

(d) EXECUTIVE HAS READ AND UNDERSTANDS THIS SECTION, WHICH DISCUSSES ARBITRATION. EXECUTIVE UNDERSTANDS THAT SUBMITTING ANY CLAIMS ARISING OUT OF, RELATING TO, OR IN CONNECTION WITH THIS AGREEMENT, OR THE INTERPRETATION, VALIDITY, CONSTRUCTION, PERFORMANCE, BREACH OR TERMINATION THEREOF TO BINDING ARBITRATION, CONSTITUTES A WAIVER OF EXECUTIVE'S RIGHT TO A JURY TRIAL AND RELATES TO THE RESOLUTION OF ALL DISPUTES RELATING TO ALL ASPECTS OF THE EMPLOYER/EMPLOYEE RELATIONSHIP, INCLUDING BUT NOT LIMITED TO, THE FOLLOWING CLAIMS:

(i) ANY AND ALL CLAIMS FOR WRONGFUL DISCHARGE OF EMPLOYMENT; BREACH OF CONTRACT, BOTH EXPRESS AND IMPLIED; BREACH OF THE COVENANT OF GOOD FAITH AND FAIR DEALING, BOTH EXPRESS AND IMPLIED; NEGLIGENT OR INTENTIONAL INFLICTION OF EMOTIONAL DISTRESS; NEGLIGENT OR INTENTIONAL MISREPRESENTATION; NEGLIGENT OR INTENTIONAL INTERFERENCE WITH CONTRACT OR PROSPECTIVE ECONOMIC ADVANTAGE; AND DEFAMATION.

(ii) ANY AND ALL CLAIMS FOR VIOLATION OF ANY FEDERAL STATE OR MUNICIPAL STATUTE, INCLUDING, BUT NOT LIMITED TO, TITLE VII OF THE CIVIL RIGHTS ACT OF 1964, THE CIVIL RIGHTS ACT OF 1991, THE AGE DISCRIMINATION IN EMPLOYMENT ACT OF 1967, THE AMERICANS WITH DISABILITIES ACT OF 1990, THE FAIR LABOR STANDARDS ACT, THE CALIFORNIA FAIR EMPLOYMENT AND HOUSING ACT, AND LABOR CODE SECTION 201, *et seq*;

(iii) ANY AND ALL CLAIMS ARISING OUT OF ANY OTHER LAWS AND REGULATIONS RELATING TO EMPLOYMENT OR EMPLOYMENT DISCRIMINATION.

10. Miscellaneous Provisions.

(a) No Duty to Mitigate. Executive will not be required to mitigate the amount of any payment contemplated by this Agreement, nor will any such payment be reduced by any earnings that Executive may receive from any other source.

(b) Waiver. No provision of this Agreement will be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by Executive and by an authorized officer of the Company (other than Executive). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party will be considered a waiver of any other condition or provision or of the same condition or provision at another time.

(c) Headings. All captions and section headings used in this Agreement are for convenient reference only and do not form a part of this Agreement.

(d) Entire Agreement. This Agreement constitutes the entire agreement of the parties hereto. Executive acknowledges and agrees that this Agreement encompasses all the rights of Executive to any acceleration of Award vesting or severance pay based on termination of employment, and Executive hereby agrees that he or she has no such rights except as stated herein, and Executive agrees that any such rights, whether in an employment agreement, offer letter, stock option agreement, stock option plan or other agreement, are hereby waived.

(e) Choice of Law. The validity, interpretation, construction and performance of this Agreement will be governed by the laws of the State of California (with the exception of its conflict of laws provisions).

(f) Severability. The invalidity or unenforceability of any provision or provisions of this Agreement will not affect the validity or enforceability of any other provision hereof, which will remain in full force and effect.

(g) Withholding. All payments made pursuant to this Agreement will be subject to withholding of applicable income and employment taxes.

(h) Counterparts. This Agreement may be executed in counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

IN WITNESS WHEREOF, each of the parties has executed this Agreement, in the case of the Company by its duly authorized officer, as of the day and year set forth below.

COMPANY

FORTINET, INC.

By: /s/ John Whittle

Title: Vice President, General Counsel

EXECUTIVE

By: /s/ Ken Xie

Title: Chief Executive Officer

Exhibit 10.6

FORTINET, INC.

CHANGE OF CONTROL SEVERANCE AGREEMENT

This Change of Control Severance Agreement (the "Agreement") is made and entered into by and between Michael Xie ("Executive") and Fortinet, Inc. (the "Company"), effective as of August 7, 2009 (the "Effective Date").

RECITALS

1. It is expected that the Company from time to time will consider the possibility of an acquisition by another company or other change of control. The Board of Directors of the Company (the "Board") recognizes that such consideration can be a distraction to Executive and can cause Executive to consider alternative employment opportunities. The Board has determined that it is in the best interests of the Company and its stockholders to assure that the Company will have the continued dedication and objectivity of Executive, notwithstanding the possibility, threat or occurrence of a Change of Control (as defined herein) of the Company.

2. The Board believes that it is in the best interests of the Company and its stockholders to provide Executive with an incentive to continue his or her employment and to motivate Executive to maximize the value of the Company upon a Change of Control for the benefit of its stockholders.

3. The Board believes that it is imperative to provide Executive with certain benefits upon termination of employment following a Change of Control. These benefits will provide Executive with enhanced financial security and incentive and encouragement to remain with the Company.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties hereto agree as follows:

1. Term of Agreement. This Agreement will terminate upon the earlier to occur of: (a) the Agreement's termination date as provided in Section 8 below, and (b) the date that all of the obligations of the parties hereto with respect to this Agreement have been satisfied.

2. At-Will Employment. The Company and Executive acknowledge that Executive's employment is and will continue to be at-will, as defined under applicable law. If Executive's employment terminates for any reason, including (without limitation) any termination prior to or twelve (12) months following a Change of Control, Executive will not be entitled to any acceleration of Award (as defined herein) vesting or severance pay based on termination of employment other than as provided by this Agreement.

3. Severance Benefits.

(a) Involuntary Termination Prior to, or Absent, a Change of Control or After 12 Months Following a Change of Control. If prior to, or absent, a Change of Control or after twelve (12) months following a Change of Control, (i) the Company (or any parent or subsidiary of the Company) terminates Executive's employment without Cause or (ii) Executive terminates Executive's employment with the Company (or any parent or subsidiary of the Company) for Good Reason, Executive will receive severance pay and/or benefits as determined by the Company in its sole discretion.

(b) Involuntary Termination within 12 Months Following a Change of Control. If within twelve (12) months following a Change of Control, (i) the Company (or any parent or subsidiary of the Company) terminates Executive's employment without Cause or (ii) Executive terminates Executive's employment with the Company (or any parent or subsidiary of the Company) for Good Reason, then, subject to Section 3(c) and Section 3(d) below, Executive will receive the following severance from the Company:

(i) Severance Payment. Executive will receive continuing payments of severance pay for a period of six (6) months from the date of such termination equal to the pro-rata portion of Executive's base salary rate as in effect immediately prior to (A) the Change of Control, or (B) Executive's termination, whichever is greater.

(ii) Equity Awards. If Executive holds unvested equity awards ("Awards") then one hundred percent (100%) of the unvested portion of such Awards will immediately vest and become exercisable, and, to the extent applicable, the Company's right of repurchase or reacquisition with respect to such Awards will lapse. The Awards will remain exercisable, to the extent applicable, following the termination for the period prescribed in the respective stock plan and agreement for each Award.

(iii) Continued Employee Benefits. Executive will receive Company-paid coverage for a period of twelve (12) months for Executive and Executive's eligible dependents under the Company's Benefit Plans (as defined herein).

(c) Release of Claims Agreement. The receipt of any severance pay or other benefits pursuant to Sections 3(a) and (b) above will be subject to Executive signing and not revoking a release of claims agreement with the Company in a form reasonably acceptable to the Company (provided the Company will work in good faith with Executive to reach agreement on the form of release) that is effective and irrevocable no later than the later of (i) the fifteenth day of the third month after the end of the Company's fiscal year in which such termination occurs or (ii) March 15 of the calendar year following the calendar year in which such termination of employment occurs. No such severance pay or other benefits will be paid or provided until the release of claims agreement becomes effective, and any severance amounts or benefits otherwise payable between the date of Executive's termination and the date of such release becomes effective and irrevocable shall be paid on the effective date of such release.

(d) Non-solicitation and Non-competition. Executive agrees, to the extent permitted by applicable law, that in the event Executive receives severance pay or other benefits pursuant to Sections 3(a) and (b) above, for the twelve (12) consecutive month period immediately following the date of Executive's termination, Executive, as a condition to receipt of severance pay and benefits under Sections 3(a) and (b), will not (i) either directly or indirectly, solicit, induce, recruit, encourage any employee of the Company to leave his employment either for Executive or for any other entity or person, or (ii) without the express written consent of the Company, directly or indirectly engage in, enter the employ, have any ownership interest in, or participate in any entity that as of the date of involuntary termination, engages in the design, development, manufacture, production, marketing, sale or servicing of any product or the provision of any service that competes with any service offered by the Company or any product sold by the Company or under development by the Company; provided, however, that ownership of less than one percent (1%) of the outstanding stock of any publicly traded corporation will not be deemed to be violative of the restrictive covenant set forth in this paragraph. The provisions of clause (ii) will not apply to Executive to the extent Executive is providing services or residing in the State of California.

The covenants contained in this Section 3(d) hereof shall be construed as a series of separate covenants, one for each country, province, state, city or other political subdivision in which the Company currently engages in its business or, during the term of this Agreement, becomes engaged in its business. Except for geographic coverage, each such separate covenant shall be deemed identical in terms to the covenant contained in this Section 3(d). If, in any judicial proceeding, a court refuses to enforce any of such separate covenants (or any part thereof), then such unenforceable covenant (or such part) shall be eliminated from this Agreement to the extent necessary to permit the remaining separate covenants (or portions thereof) to be enforced. In the event that the provisions of this Section 3(d) are deemed to exceed the time, geographic or scope limitations permitted by applicable law, then such provisions shall be reformed to the maximum time, geographic or scope limitations, as the case may be, permitted by applicable law.

(e) Timing of Severance Payments. The Company will pay the severance payments to which Executive is entitled as salary continuation with the same timing as in effect immediately prior to Executive's termination of employment. If Executive should die before all amounts have been paid, such unpaid amounts will be paid in a lump-sum payment (less any withholding taxes) to Executive's designated beneficiary, if living, or otherwise to the personal representative of Executive's estate.

(f) Voluntary Resignation; Termination For Cause. If Executive's employment with the Company terminates (i) voluntarily by Executive (except upon a termination for Good Reason within twelve (12) months following a Change of Control) or (ii) for Cause by the Company (or any parent or subsidiary of the Company), then Executive will not be entitled to receive severance or other benefits except for those benefits (if any) which do not concern acceleration of Award vesting or severance pay based on termination of employment as may then be established under other Company policies or programs, if any.

(g) Disability; Death. If the Company terminates Executive's employment as a result of Executive's Disability, or Executive's employment terminates due to his or her death, then Executive will not be entitled to receive severance or other benefits except for those benefits (if any)

which do not concern acceleration of Award vesting or severance pay based on termination of employment as may then be established under other Company policies or programs, if any.

(h) Exclusive Remedy. In the event of a termination of Executive's employment with the Company (or any parent or subsidiary of the Company), the provisions of this Section 3 are intended to be and are exclusive and in lieu of any other rights or remedies to which Executive or the Company may otherwise be entitled, whether at law, tort or contract, in equity, or under this Agreement. Executive will be entitled to no severance or other benefits upon termination of employment with respect to acceleration of Award vesting or severance pay other than those benefits expressly set forth in this Section 3.

(i) Section 409A. Notwithstanding anything to the contrary in this Agreement, no severance pay or benefits to be paid or provided to Executive, if any, pursuant to this Agreement, when considered together with any other severance payments or separation benefits that are considered deferred compensation under Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and any final regulations and official guidance promulgated thereunder ("Section 409A") (together, the "Deferred Compensation Separation Benefits") will be paid or otherwise provided until Executive has a "separation from service" within the meaning of Section 409A. In addition, if Executive is a "specified employee" within the meaning of Section 409A at the time of Executive's termination (other than due to death), then the Deferred Compensation Separation Benefits that are payable within the first six (6) months following Executive's separation from service, will become payable on the first payroll date that occurs on or after the date six (6) months and one (1) day following the date of Executive's separation from service. All subsequent Deferred Compensation Separation Benefits, if any, will be payable in accordance with the payment schedule applicable to each payment or benefit. Notwithstanding anything herein to the contrary, if Executive dies following Executive's separation from service, but prior to the six (6) month anniversary of the separation from service, then any payments delayed in accordance with this paragraph will be payable in a lump sum as soon as administratively practicable after the date of Executive's death and all other Deferred Compensation Separation Benefits will be payable in accordance with the payment schedule applicable to each payment or benefit. Each payment and benefit payable under this Agreement is intended to constitute separate payments for purposes of Section 1.409A-2(b)(2) of the Treasury Regulations. The foregoing provisions are intended to comply with the requirements of Section 409A so that none of the severance payments and benefits to be provided hereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities herein will be interpreted to so comply. Executive and the Company agree to work together in good faith to consider amendments to this Agreement and to take such reasonable actions which are necessary, appropriate or desirable to avoid imposition of any additional tax or income recognition prior to actual payment to Executive under Section 409A.

4. Limitation on Payments. In the event that the severance and other benefits provided for in this Agreement or otherwise payable to Executive (i) constitute "parachute payments" within the meaning of Section 280G of the Code and (ii) but for this Section 4, would be subject to the excise tax imposed by Section 4999 of the Code, then Executive's severance benefits under Section 4(a)(i) will be either:

(a) delivered in full, or

(b) delivered as to such lesser extent which would result in no portion of such severance benefits being subject to excise tax under Section 4999 of the Code,

whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the excise tax imposed by Section 4999, results in the receipt by Executive on an after-tax basis, of the greatest amount of severance benefits, notwithstanding that all or some portion of such severance benefits may be taxable under Section 4999 of the Code. If a reduction in severance and other benefits constituting "parachute payments" is necessary so that benefits are delivered to a lesser extent, reduction shall occur in the following order: reduction of cash payments; cancellation of awards granted "contingent on a change in ownership or control" (within the meaning of Code Section 280G); cancellation of accelerated vesting of equity awards; reduction of employee benefits. In the event that acceleration of vesting of equity award compensation is to be reduced, such acceleration of vesting shall be cancelled in the reverse order of the date of grant of Executive's equity awards. Unless the Company and Executive otherwise agree in writing, any determination required under this Section 4 will be made in writing by an independent firm immediately prior to Change of Control (the "Firm"), whose determination will be conclusive and binding upon Executive and the Company for all purposes. For purposes of making the calculations required by this Section 4, the Firm may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Company and Executive will furnish to the Firm such information and documents as the Firm may reasonably request in order to make a determination under this Section. The Company will bear all costs the Firm may reasonably incur in connection with any calculations contemplated by this Section 4.

5. Definition of Terms. The following terms referred to in this Agreement will have the following meanings:

(a) Benefit Plans. For purposes of this Agreement, "Benefit Plans" means plans, policies or arrangements that the Company sponsors (or participates in) and that immediately prior to Executive's termination of employment provide Executive and/or Executive's eligible dependents with medical, dental, and/or vision benefits. Benefit Plans do not include any other type of benefit (including, but not by way of limitation, disability, life insurance or retirement benefits). A requirement that the Company provide Executive and Executive's eligible dependents with coverage under the Benefit Plans will not be satisfied unless the coverage is no less favorable than that provided to senior executives of the Company at any applicable time during the period Executive is entitled to receive severance pursuant to Section 3. The Company may, at its option, satisfy any requirement that the Company provide coverage under any Benefit Plan by (i) reimbursing Executive's premiums under Title X of the Consolidated Budget Reconciliation Act of 1985, as amended ("COBRA") after Executive has properly elected continuation coverage under COBRA (in which case Executive will be solely responsible for electing such coverage for his eligible dependents), or (ii) providing coverage under a separate plan or plans providing coverage that is no less favorable or by paying Executive a lump-sum payment which is, on an after-tax basis, sufficient to provide Executive and Executive's eligible dependents with equivalent coverage under a third party plan that is reasonably available to Executive and Executive's eligible dependents.

(b) Cause. "Cause" is defined as (i) an act of dishonesty made by Executive in connection with Executive's responsibilities as an employee that materially adversely affects the Company, (ii) Executive's conviction of, or plea of nolo contendere to, a felony or any crime involving fraud, embezzlement or any other act of moral turpitude, (iii) Executive's gross misconduct that materially and adversely affects the Company's reputation or business, or (iv) Executive's continued intentional refusal to perform his employment duties in a material fashion that materially and adversely affects the Company's reputation or business, after Executive has received a written demand of performance from the Company which specifically sets forth the factual basis for the Company's belief that Executive has not substantially performed his duties and Executive continues to refuse to cure such non-performance within thirty (30) days after receiving such notice.

(c) Change of Control. "Change of Control" of the Company is defined as:

(i) the acquisition by any one person, or more than one person acting as a group (for these purposes, persons will be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with the Company), ("Person") that or is or becomes the owner, directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding securities (the "Voting Securities"); provided, however, that for purposes of this subsection (i), the acquisition of additional securities by any one Person, who is considered to own more than fifty percent (50%) of the total voting power of the securities of the Company shall not be considered a Change of Control;

(ii) a change in the composition of the Board occurring within a twelve (12) month period, as a result of which fewer than a majority of the directors are Incumbent Directors. "Incumbent Directors" will mean directors who either (A) are directors of the Company as of the date hereof, or (B) are elected, or nominated for election, to the Board with the affirmative votes of at least a majority of the Incumbent Directors at the time of such election or nomination (but will not include an individual whose election or nomination is in connection with an actual or threatened proxy contest relating to the election of directors to the Company);

(iii) the date of the consummation of a merger or consolidation of the Company with any other corporation that has been approved by the stockholders of the Company, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) fifty percent (50%) or more of the total voting power represented by the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation, or the stockholders of the Company approve a plan of complete liquidation of the Company; or

(iv) a change in the ownership of a substantial portion of the Company's assets which occurs on the date that any Person acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) assets from the Company that have a total gross fair market value equal to or more than fifty percent (50%) of the total fair market value of all of the assets of the Company immediately prior to such acquisition or

acquisitions; provided, however, that for purposes of this Section 5 (c)(iv), the following shall not constitute a change in the ownership of a substantial portion of the Company's assets: (1) a transfer to an entity that is controlled by the Company's shareholders immediately after the transfer; or (2) a transfer of assets by the Company to: (A) a shareholder of the Company (immediately before the asset transfer) in exchange for or with respect to the Company's securities; (B) an entity, fifty percent (50%) or more of the total value or voting power of which is owned, directly or indirectly, by the Company; (C) a Person, that owns, directly or indirectly, fifty percent (50%) or more of the total value or voting power of all the outstanding stock of the Company; or (D) an entity, at least fifty percent (50%) of the total value or voting power of which is owned, directly or indirectly, by a Person described in subsection (C). For purposes of this clause (2), gross fair market value means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets.

Notwithstanding the foregoing, a Company transaction that does not constitute a change of control event under Treasury Regulation 1.409A-3(i)(5)(v) or (vii) shall be not be considered a Change of Control.

(d) Disability. "Disability" will mean that Executive has been unable to perform his Company duties as the result of his incapacity due to physical or mental illness, and such inability, at least twenty-six (26) weeks after its commencement, is determined to be total and permanent by a physician selected by the Company or its insurers and acceptable to Executive or Executive's legal representative (such Agreement as to acceptability not to be unreasonably withheld). Termination resulting from Disability may only be effected after at least thirty (30) days' written notice by the Company of its intention to terminate Executive's employment. In the event that Executive resumes the performance of substantially all of his duties hereunder before the termination of his employment becomes effective, the notice of intent to terminate will automatically be deemed to have been revoked.

(e) Good Reason. "Good Reason" means the occurrence of one or more of the following events without Executive's express written consent: (i) the assignment to Executive of any duties or the reduction of Executive's duties, either of which results in a material diminution in Executive's position or responsibilities with the Company in effect immediately prior to such assignment, or the removal of Executive from such position and responsibilities; provided, however, it being understood that a new position with a larger combined company does not alone constitute "Good Reason" if it is in the same area of operations and involves substantially the same duties and scope of responsibilities and management responsibility notwithstanding that Executive may not retain as senior of a title within the larger combined company as Executive's prior title; (ii) a material reduction by the Company in the base salary of Executive; provided that, it being understood that a reduction by the Company by five percent (5%) or more in the base salary or bonus opportunity of Executive as in effect immediately prior to such reduction shall be deemed Good Reason within the meaning of this clause (ii); (iii) a material change in the geographic location at which Executive must perform services (for purposes of this Agreement, the relocation of Executive to a facility or a location less than twenty-five (25) miles from Executive's then-present location shall not be considered a material change in geographic location); (iv) any material breach by the Company of any material provision of this Agreement, or (vi) the failure of the Company to obtain the assumption of this Agreement by any successor. Executive will not resign for Good

Reason without first providing the Company with written notice of the acts or omissions constituting the grounds for "Good Reason" within ninety (90) days of the initial existence of the grounds for "Good Reason" and a reasonable cure period of not less than thirty (30) days following the date of such notice.

6. Successors.

(a) The Company's Successors. Any successor to the Company (whether direct or indirect and whether by purchase, merger, consolidation, liquidation or otherwise) to all or substantially all of the Company's business and/or assets will assume the obligations under this Agreement and agree expressly to perform the obligations under this Agreement in the same manner and to the same extent as the Company would be required to perform such obligations in the absence of a succession. For all purposes under this Agreement, the term "Company" will include any successor to the Company's business and/or assets which executes and delivers the assumption agreement described in this Section 6(a) or which becomes bound by the terms of this Agreement by operation of law.

(b) Executive's Successors. The terms of this Agreement and all rights of Executive hereunder will inure to the benefit of, and be enforceable by, Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

7. Notice.

(a) General. Notices and all other communications contemplated by this Agreement will be in writing and will be deemed to have been duly given when personally delivered or when mailed by U.S. registered or certified mail, return receipt requested and postage prepaid. In the case of Executive, mailed notices will be addressed to him or her at the home address which he or she most recently communicated to the Company in writing. In the case of the Company, mailed notices will be addressed to its corporate headquarters, and all notices will be directed to the attention of its President.

(b) Notice of Termination. Any termination by the Company for Cause or by Executive for Good Reason or as a result of a voluntary resignation by Executive will be communicated by a notice of termination to the other party hereto given in accordance with Section 7(a) of this Agreement. Such notice will indicate the specific termination provision in this Agreement relied upon, will set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination under the provision so indicated, and will specify the termination date (which will be not more than thirty (30) days after the giving of such notice). The failure by Executive to include in the notice any fact or circumstance which contributes to a showing of Good Reason will not waive any right of Executive hereunder or preclude Executive from asserting such fact or circumstance in enforcing his or her rights hereunder.

8. Term of Agreement. This Agreement will have a term of five (5) years commencing on the Effective Date, which shall not be subject to renewal, unless a Change of Control occurs during such five (5) year period, in which case this Agreement will continue until all payments and benefits, if any, have been made to Executive.

9. Arbitration.

(a) Any dispute or controversy arising out of, relating to, or in connection with this Agreement, or the interpretation, validity, construction, performance, breach, or termination thereof, shall be settled by binding arbitration to be held in Santa Clara County, California, in accordance with the National Rules for the Resolution of Employment Disputes then in effect of the American Arbitration Association (the "Rules"). The arbitrator may grant injunctions or other relief in such dispute or controversy. The decision of the arbitrator shall be final, conclusive and binding on the parties to the arbitration. Judgment may be entered on the arbitrator's decision in any court having jurisdiction.

(b) The arbitrator(s) shall apply California law to the merits of any dispute or claim, without reference to conflicts of law rules. The arbitration proceedings shall be governed by federal arbitration law and by the Rules, without reference to state arbitration law. Executive hereby consents to the personal jurisdiction of the state and federal courts located in California for any action or proceeding arising from or relating to this Agreement or relating to any arbitration in which the parties are participants.

(c) Executive understands that nothing in this Section modifies Executive's at-will employment status. Either Executive or the Company can terminate the employment relationship at any time, with or without Cause.

(d) EXECUTIVE HAS READ AND UNDERSTANDS THIS SECTION, WHICH DISCUSSES ARBITRATION. EXECUTIVE UNDERSTANDS THAT SUBMITTING ANY CLAIMS ARISING OUT OF, RELATING TO, OR IN CONNECTION WITH THIS AGREEMENT, OR THE INTERPRETATION, VALIDITY, CONSTRUCTION, PERFORMANCE, BREACH OR TERMINATION THEREOF TO BINDING ARBITRATION, CONSTITUTES A WAIVER OF EXECUTIVE'S RIGHT TO A JURY TRIAL AND RELATES TO THE RESOLUTION OF ALL DISPUTES RELATING TO ALL ASPECTS OF THE EMPLOYER/EMPLOYEE RELATIONSHIP, INCLUDING BUT NOT LIMITED TO, THE FOLLOWING CLAIMS:

(i) ANY AND ALL CLAIMS FOR WRONGFUL DISCHARGE OF EMPLOYMENT; BREACH OF CONTRACT, BOTH EXPRESS AND IMPLIED; BREACH OF THE COVENANT OF GOOD FAITH AND FAIR DEALING, BOTH EXPRESS AND IMPLIED; NEGLIGENT OR INTENTIONAL INFLICTION OF EMOTIONAL DISTRESS; NEGLIGENT OR INTENTIONAL MISREPRESENTATION; NEGLIGENT OR INTENTIONAL INTERFERENCE WITH CONTRACT OR PROSPECTIVE ECONOMIC ADVANTAGE; AND DEFAMATION.

(ii) ANY AND ALL CLAIMS FOR VIOLATION OF ANY FEDERAL STATE OR MUNICIPAL STATUTE, INCLUDING, BUT NOT LIMITED TO, TITLE VII OF THE CIVIL RIGHTS ACT OF 1964, THE CIVIL RIGHTS ACT OF 1991, THE AGE DISCRIMINATION IN EMPLOYMENT ACT OF 1967, THE AMERICANS WITH DISABILITIES ACT OF 1990, THE FAIR LABOR STANDARDS ACT, THE CALIFORNIA FAIR EMPLOYMENT AND HOUSING ACT, AND LABOR CODE SECTION 201, *et seq*;

(iii) ANY AND ALL CLAIMS ARISING OUT OF ANY OTHER LAWS AND REGULATIONS RELATING TO EMPLOYMENT OR EMPLOYMENT DISCRIMINATION.

10. Miscellaneous Provisions.

(a) No Duty to Mitigate. Executive will not be required to mitigate the amount of any payment contemplated by this Agreement, nor will any such payment be reduced by any earnings that Executive may receive from any other source.

(b) Waiver. No provision of this Agreement will be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by Executive and by an authorized officer of the Company (other than Executive). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party will be considered a waiver of any other condition or provision or of the same condition or provision at another time.

(c) Headings. All captions and section headings used in this Agreement are for convenient reference only and do not form a part of this Agreement.

(d) Entire Agreement. This Agreement constitutes the entire agreement of the parties hereto. Executive acknowledges and agrees that this Agreement encompasses all the rights of Executive to any acceleration of Award vesting or severance pay based on termination of employment, and Executive hereby agrees that he or she has no such rights except as stated herein, and Executive agrees that any such rights, whether in an employment agreement, offer letter, stock option agreement, stock option plan or other agreement, are hereby waived.

(e) Choice of Law. The validity, interpretation, construction and performance of this Agreement will be governed by the laws of the State of California (with the exception of its conflict of laws provisions).

(f) Severability. The invalidity or unenforceability of any provision or provisions of this Agreement will not affect the validity or enforceability of any other provision hereof, which will remain in full force and effect.

(g) Withholding. All payments made pursuant to this Agreement will be subject to withholding of applicable income and employment taxes.

(h) Counterparts. This Agreement may be executed in counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

IN WITNESS WHEREOF, each of the parties has executed this Agreement, in the case of the Company by its duly authorized officer, as of the day and year set forth below.

COMPANY

FORTINET, INC.

By: /s/ John Whittle

Title: Vice President, General Counsel

EXECUTIVE

By: /s/ Michael Xie

Title: Chief Technology Officer

Exhibit 10.7

FORTINET, INC.

CHANGE OF CONTROL SEVERANCE AGREEMENT

This Change of Control Severance Agreement (the "Agreement") is made and entered into by and between Ken Goldman ("Executive") and Fortinet, Inc. (the "Company"), effective as of August 7, 2009 (the "Effective Date").

RECITALS

1. It is expected that the Company from time to time will consider the possibility of an acquisition by another company or other change of control. The Board of Directors of the Company (the "Board") recognizes that such consideration can be a distraction to Executive and can cause Executive to consider alternative employment opportunities. The Board has determined that it is in the best interests of the Company and its stockholders to assure that the Company will have the continued dedication and objectivity of Executive, notwithstanding the possibility, threat or occurrence of a Change of Control (as defined herein) of the Company.

2. The Board believes that it is in the best interests of the Company and its stockholders to provide Executive with an incentive to continue his or her employment and to motivate Executive to maximize the value of the Company upon a Change of Control for the benefit of its stockholders.

3. The Board believes that it is imperative to provide Executive with certain benefits upon termination of employment following a Change of Control. These benefits will provide Executive with enhanced financial security and incentive and encouragement to remain with the Company.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties hereto agree as follows:

1. Term of Agreement. This Agreement will terminate upon the earlier to occur of: (a) the Agreement's termination date as provided in Section 8 below, and (b) the date that all of the obligations of the parties hereto with respect to this Agreement have been satisfied.

2. At-Will Employment. The Company and Executive acknowledge that Executive's employment is and will continue to be at-will, as defined under applicable law. If Executive's employment terminates for any reason, including (without limitation) any termination prior to or twelve (12) months following a Change of Control, Executive will not be entitled to any acceleration of Award (as defined herein) vesting or severance pay based on termination of employment other than as provided by this Agreement.

3. Severance Benefits.

(a) Involuntary Termination Prior to, or Absent, a Change of Control or After 12 Months Following a Change of Control. If prior to, or absent, a Change of Control or after twelve (12) months following a Change of Control, (i) the Company (or any parent or subsidiary of the Company) terminates Executive's employment without Cause or (ii) Executive terminates Executive's employment with the Company (or any parent or subsidiary of the Company) for Good Reason, Executive will receive severance pay and/or benefits as determined by the Company in its sole discretion.

(b) Involuntary Termination within 12 Months Following a Change of Control. If within twelve (12) months following a Change of Control, (i) the Company (or any parent or subsidiary of the Company) terminates Executive's employment without Cause or (ii) Executive terminates Executive's employment with the Company (or any parent or subsidiary of the Company) for Good Reason, then, subject to Section 3(c) and Section 3(d) below, Executive will receive the following severance from the Company:

(i) Severance Payment. Executive will receive continuing payments of severance pay for a period of six (6) months from the date of such termination equal to Executive's base salary rate as in effect immediately prior to (A) the Change of Control, or (B) Executive's termination, whichever is greater.

(ii) Equity Awards. If Executive holds unvested equity awards ("Awards") then one hundred percent (100%) of the unvested portion of such Awards will immediately vest and become exercisable, and, to the extent applicable, the Company's right of repurchase or reacquisition with respect to such Awards will lapse. The Awards will remain exercisable, to the extent applicable, following the termination for the period prescribed in the respective stock plan and agreement for each Award.

(iii) Continued Employee Benefits. Executive will receive Company-paid coverage for a period of twelve (12) months for Executive and Executive's eligible dependents under the Company's Benefit Plans (as defined herein).

(c) Release of Claims Agreement. The receipt of any severance pay or other benefits pursuant to Sections 3(a) and (b) above will be subject to Executive signing and not revoking a release of claims agreement with the Company in a form reasonably acceptable to the Company (provided the Company will work in good faith with Executive to reach agreement on the form of release) that is effective and irrevocable no later than the later of (i) the fifteenth day of the third month after the end of the Company's fiscal year in which such termination occurs or (ii) March 15 of the calendar year following the calendar year in which such termination of employment occurs. No such severance pay or other benefits will be paid or provided until the release of claims agreement becomes effective, and any severance amounts or benefits otherwise payable between the date of Executive's termination and the date of such release becomes effective and irrevocable shall be paid on the effective date of such release.

(d) Non-solicitation and Non-competition. Executive agrees, to the extent permitted by applicable law, that in the event Executive receives severance pay or other benefits pursuant to Sections 3(a) and (b) above, for the twelve (12) consecutive month period immediately following the date of Executive's termination, Executive, as a condition to receipt of severance pay and benefits under Sections 3(a) and (b), will not (i) either directly or indirectly, solicit, induce, recruit, encourage any employee of the Company to leave his employment either for Executive or for any other entity or person, or (ii) without the express written consent of the Company, directly or indirectly engage in, enter the employ, have any ownership interest in, or participate in any entity that as of the date of involuntary termination, engages in the design, development, manufacture, production, marketing, sale or servicing of any product or the provision of any service that competes with any service offered by the Company or any product sold by the Company or under development by the Company; provided, however, that ownership of less than one percent (1%) of the outstanding stock of any publicly traded corporation will not be deemed to be violative of the restrictive covenant set forth in this paragraph. The provisions of clause (ii) will not apply to Executive to the extent Executive is providing services or residing in the State of California.

The covenants contained in this Section 3(d) hereof shall be construed as a series of separate covenants, one for each country, province, state, city or other political subdivision in which the Company currently engages in its business or, during the term of this Agreement, becomes engaged in its business. Except for geographic coverage, each such separate covenant shall be deemed identical in terms to the covenant contained in this Section 3(d). If, in any judicial proceeding, a court refuses to enforce any of such separate covenants (or any part thereof), then such unenforceable covenant (or such part) shall be eliminated from this Agreement to the extent necessary to permit the remaining separate covenants (or portions thereof) to be enforced. In the event that the provisions of this Section 3(d) are deemed to exceed the time, geographic or scope limitations permitted by applicable law, then such provisions shall be reformed to the maximum time, geographic or scope limitations, as the case may be, permitted by applicable law.

(e) Timing of Severance Payments. The Company will pay the severance payments to which Executive is entitled as salary continuation with the same timing as in effect immediately prior to Executive's termination of employment. If Executive should die before all amounts have been paid, such unpaid amounts will be paid in a lump-sum payment (less any withholding taxes) to Executive's designated beneficiary, if living, or otherwise to the personal representative of Executive's estate.

(f) Voluntary Resignation; Termination For Cause. If Executive's employment with the Company terminates (i) voluntarily by Executive (except upon a termination for Good Reason within twelve (12) months following a Change of Control) or (ii) for Cause by the Company (or any parent or subsidiary of the Company), then Executive will not be entitled to receive severance or other benefits except for those benefits (if any) which do not concern acceleration of Award vesting or severance pay based on termination of employment as may then be established under other Company policies or programs, if any.

(g) Disability; Death. If the Company terminates Executive's employment as a result of Executive's Disability, or Executive's employment terminates due to his or her death, then Executive will not be entitled to receive severance or other benefits except for those benefits (if any)

which do not concern acceleration of Award vesting or severance pay based on termination of employment as may then be established under other Company policies or programs, if any.

(h) Exclusive Remedy. In the event of a termination of Executive's employment with the Company (or any parent or subsidiary of the Company), the provisions of this Section 3 are intended to be and are exclusive and in lieu of any other rights or remedies to which Executive or the Company may otherwise be entitled, whether at law, tort or contract, in equity, or under this Agreement. Executive will be entitled to no severance or other benefits upon termination of employment with respect to acceleration of Award vesting or severance pay other than those benefits expressly set forth in this Section 3.

(i) Section 409A. Notwithstanding anything to the contrary in this Agreement, no severance pay or benefits to be paid or provided to Executive, if any, pursuant to this Agreement, when considered together with any other severance payments or separation benefits that are considered deferred compensation under Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and any final regulations and official guidance promulgated thereunder ("Section 409A") (together, the "Deferred Compensation Separation Benefits") will be paid or otherwise provided until Executive has a "separation from service" within the meaning of Section 409A. In addition, if Executive is a "specified employee" within the meaning of Section 409A at the time of Executive's termination (other than due to death), then the Deferred Compensation Separation Benefits that are payable within the first six (6) months following Executive's separation from service, will become payable on the first payroll date that occurs on or after the date six (6) months and one (1) day following the date of Executive's separation from service. All subsequent Deferred Compensation Separation Benefits, if any, will be payable in accordance with the payment schedule applicable to each payment or benefit. Notwithstanding anything herein to the contrary, if Executive dies following Executive's separation from service, but prior to the six (6) month anniversary of the separation from service, then any payments delayed in accordance with this paragraph will be payable in a lump sum as soon as administratively practicable after the date of Executive's death and all other Deferred Compensation Separation Benefits will be payable in accordance with the payment schedule applicable to each payment or benefit. Each payment and benefit payable under this Agreement is intended to constitute separate payments for purposes of Section 1.409A-2(b)(2) of the Treasury Regulations. The foregoing provisions are intended to comply with the requirements of Section 409A so that none of the severance payments and benefits to be provided hereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities herein will be interpreted to so comply. Executive and the Company agree to work together in good faith to consider amendments to this Agreement and to take such reasonable actions which are necessary, appropriate or desirable to avoid imposition of any additional tax or income recognition prior to actual payment to Executive under Section 409A.

4. Limitation on Payments. In the event that the severance and other benefits provided for in this Agreement or otherwise payable to Executive (i) constitute "parachute payments" within the meaning of Section 280G of the Code and (ii) but for this Section 4, would be subject to the excise tax imposed by Section 4999 of the Code, then Executive's severance benefits under Section 4(a)(i) will be either:

(a) delivered in full, or

(b) delivered as to such lesser extent which would result in no portion of such severance benefits being subject to excise tax under Section 4999 of the Code,

whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the excise tax imposed by Section 4999, results in the receipt by Executive on an after-tax basis, of the greatest amount of severance benefits, notwithstanding that all or some portion of such severance benefits may be taxable under Section 4999 of the Code. If a reduction in severance and other benefits constituting "parachute payments" is necessary so that benefits are delivered to a lesser extent, reduction shall occur in the following order: reduction of cash payments; cancellation of awards granted "contingent on a change in ownership or control" (within the meaning of Code Section 280G); cancellation of accelerated vesting of equity awards; reduction of employee benefits. In the event that acceleration of vesting of equity award compensation is to be reduced, such acceleration of vesting shall be cancelled in the reverse order of the date of grant of Executive's equity awards. Unless the Company and Executive otherwise agree in writing, any determination required under this Section 4 will be made in writing by an independent firm immediately prior to Change of Control (the "Firm"), whose determination will be conclusive and binding upon Executive and the Company for all purposes. For purposes of making the calculations required by this Section 4, the Firm may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Company and Executive will furnish to the Firm such information and documents as the Firm may reasonably request in order to make a determination under this Section. The Company will bear all costs the Firm may reasonably incur in connection with any calculations contemplated by this Section 4.

5. Definition of Terms. The following terms referred to in this Agreement will have the following meanings:

(a) Benefit Plans. For purposes of this Agreement, "Benefit Plans" means plans, policies or arrangements that the Company sponsors (or participates in) and that immediately prior to Executive's termination of employment provide Executive and/or Executive's eligible dependents with medical, dental, and/or vision benefits. Benefit Plans do not include any other type of benefit (including, but not by way of limitation, disability, life insurance or retirement benefits). A requirement that the Company provide Executive and Executive's eligible dependents with coverage under the Benefit Plans will not be satisfied unless the coverage is no less favorable than that provided to senior executives of the Company at any applicable time during the period Executive is entitled to receive severance pursuant to Section 3. The Company may, at its option, satisfy any requirement that the Company provide coverage under any Benefit Plan by (i) reimbursing Executive's premiums under Title X of the Consolidated Budget Reconciliation Act of 1985, as amended ("COBRA") after Executive has properly elected continuation coverage under COBRA (in which case Executive will be solely responsible for electing such coverage for his eligible dependents), or (ii) providing coverage under a separate plan or plans providing coverage that is no less favorable or by paying Executive a lump-sum payment which is, on an after-tax basis, sufficient to provide Executive and Executive's eligible dependents with equivalent coverage under a third party plan that is reasonably available to Executive and Executive's eligible dependents.

(b) Cause. "Cause" is defined as (i) an act of dishonesty made by Executive in connection with Executive's responsibilities as an employee that materially adversely affects the Company, (ii) Executive's conviction of, or plea of nolo contendere to, a felony or any crime involving fraud, embezzlement or any other act of moral turpitude, or (iii) Executive's gross misconduct that materially and adversely affects the Company's reputation or business, or (iv) Executive's continued intentional refusal to perform his employment duties in a material fashion that materially and adversely affects the Company's reputation or business, after Executive has received a written demand of performance from the Company which specifically sets forth the factual basis for the Company's belief that Executive has not substantially performed his duties and Executive continues to refuse to cure such non-performance within thirty (30) days after receiving such notice.

(c) Change of Control. "Change of Control" of the Company is defined as:

(i) the acquisition by any one person, or more than one person acting as a group (for these purposes, persons will be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with the Company), ("Person") that or is or becomes the owner, directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding securities (the "Voting Securities"); provided, however, that for purposes of this subsection (i), the acquisition of additional securities by any one Person, who is considered to own more than fifty percent (50%) of the total voting power of the securities of the Company shall not be considered a Change of Control;

(ii) a change in the composition of the Board occurring within a twelve (12) month period, as a result of which fewer than a majority of the directors are Incumbent Directors. "Incumbent Directors" will mean directors who either (A) are directors of the Company as of the date hereof, or (B) are elected, or nominated for election, to the Board with the affirmative votes of at least a majority of the Incumbent Directors at the time of such election or nomination (but will not include an individual whose election or nomination is in connection with an actual or threatened proxy contest relating to the election of directors to the Company);

(iii) the date of the consummation of a merger or consolidation of the Company with any other corporation that has been approved by the stockholders of the Company, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) fifty percent (50%) or more of the total voting power represented by the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation, or the stockholders of the Company approve a plan of complete liquidation of the Company; or

(iv) a change in the ownership of a substantial portion of the Company's assets which occurs on the date that any Person acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) assets from the Company that have a total gross fair market value equal to or more than fifty percent (50%) of the total fair market value of all of the assets of the Company immediately prior to such acquisition or

acquisitions; provided, however, that for purposes of this Section 5 (c)(iv), the following shall not constitute a change in the ownership of a substantial portion of the Company's assets: (1) a transfer to an entity that is controlled by the Company's shareholders immediately after the transfer; or (2) a transfer of assets by the Company to: (A) a shareholder of the Company (immediately before the asset transfer) in exchange for or with respect to the Company's securities; (B) an entity, fifty percent (50%) or more of the total value or voting power of which is owned, directly or indirectly, by the Company; (C) a Person, that owns, directly or indirectly, fifty percent (50%) or more of the total value or voting power of all the outstanding stock of the Company; or (D) an entity, at least fifty percent (50%) of the total value or voting power of which is owned, directly or indirectly, by a Person described in subsection (C). For purposes of this clause (2), gross fair market value means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets.

Notwithstanding the foregoing, a Company transaction that does not constitute a change of control event under Treasury Regulation 1.409A-3(i)(5)(v) or (vii) shall be not be considered a Change of Control.

(d) Disability. "Disability" will mean that Executive has been unable to perform his Company duties as the result of his incapacity due to physical or mental illness, and such inability, at least twenty-six (26) weeks after its commencement, is determined to be total and permanent by a physician selected by the Company or its insurers and acceptable to Executive or Executive's legal representative (such Agreement as to acceptability not to be unreasonably withheld). Termination resulting from Disability may only be effected after at least thirty (30) days' written notice by the Company of its intention to terminate Executive's employment. In the event that Executive resumes the performance of substantially all of his duties hereunder before the termination of his employment becomes effective, the notice of intent to terminate will automatically be deemed to have been revoked.

(e) Good Reason. "Good Reason" means the occurrence of one or more of the following events without Executive's express written consent: (i) the assignment to Executive of any duties or the reduction of Executive's duties, either of which results in a material diminution in Executive's position or responsibilities with the Company in effect immediately prior to such assignment, or the removal of Executive from such position and responsibilities; provided, however, it being understood that a new position with a larger combined company does not alone constitute "Good Reason" if it is in the same area of operations and involves substantially the same duties and scope of responsibilities and management responsibility notwithstanding that Executive may not retain as senior of a title within the larger combined company as Executive's prior title; (ii) a material reduction by the Company in the base salary of Executive; provided that, it being understood that a reduction by the Company by five percent (5%) or more in the base salary or bonus opportunity of Executive as in effect immediately prior to such reduction shall be deemed Good Reason within the meaning of this clause (ii); (iii) a material change in the geographic location at which Executive must perform services (for purposes of this Agreement, the relocation of Executive to a facility or a location less than twenty-five (25) miles from Executive's then-present location shall not be considered a material change in geographic location); (iv) any material breach by the Company of any material provision of this Agreement, or (vi) the failure of the Company to obtain the assumption of this Agreement by any successor. Executive will not resign for Good

Reason without first providing the Company with written notice of the acts or omissions constituting the grounds for "Good Reason" within ninety (90) days of the initial existence of the grounds for "Good Reason" and a reasonable cure period of not less than thirty (30) days following the date of such notice.

6. Successors.

(a) The Company's Successors. Any successor to the Company (whether direct or indirect and whether by purchase, merger, consolidation, liquidation or otherwise) to all or substantially all of the Company's business and/or assets will assume the obligations under this Agreement and agree expressly to perform the obligations under this Agreement in the same manner and to the same extent as the Company would be required to perform such obligations in the absence of a succession. For all purposes under this Agreement, the term "Company" will include any successor to the Company's business and/or assets which executes and delivers the assumption agreement described in this Section 6(a) or which becomes bound by the terms of this Agreement by operation of law.

(b) Executive's Successors. The terms of this Agreement and all rights of Executive hereunder will inure to the benefit of, and be enforceable by, Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

7. Notice.

(a) General. Notices and all other communications contemplated by this Agreement will be in writing and will be deemed to have been duly given when personally delivered or when mailed by U.S. registered or certified mail, return receipt requested and postage prepaid. In the case of Executive, mailed notices will be addressed to him or her at the home address which he or she most recently communicated to the Company in writing. In the case of the Company, mailed notices will be addressed to its corporate headquarters, and all notices will be directed to the attention of its President.

(b) Notice of Termination. Any termination by the Company for Cause or by Executive for Good Reason or as a result of a voluntary resignation by Executive will be communicated by a notice of termination to the other party hereto given in accordance with Section 7(a) of this Agreement. Such notice will indicate the specific termination provision in this Agreement relied upon, will set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination under the provision so indicated, and will specify the termination date (which will be not more than thirty (30) days after the giving of such notice). The failure by Executive to include in the notice any fact or circumstance which contributes to a showing of Good Reason will not waive any right of Executive hereunder or preclude Executive from asserting such fact or circumstance in enforcing his or her rights hereunder.

8. Term of Agreement. This Agreement will have a term of five (5) years commencing on the Effective Date, which shall not be subject to renewal, unless a Change of Control occurs during such five (5) year period, in which case this Agreement will continue until all payments and benefits, if any, have been made to Executive.

9. Arbitration.

(a) Any dispute or controversy arising out of, relating to, or in connection with this Agreement, or the interpretation, validity, construction, performance, breach, or termination thereof, shall be settled by binding arbitration to be held in Santa Clara County, California, in accordance with the National Rules for the Resolution of Employment Disputes then in effect of the American Arbitration Association (the "Rules"). The arbitrator may grant injunctions or other relief in such dispute or controversy. The decision of the arbitrator shall be final, conclusive and binding on the parties to the arbitration. Judgment may be entered on the arbitrator's decision in any court having jurisdiction.

(b) The arbitrator(s) shall apply California law to the merits of any dispute or claim, without reference to conflicts of law rules. The arbitration proceedings shall be governed by federal arbitration law and by the Rules, without reference to state arbitration law. Executive hereby consents to the personal jurisdiction of the state and federal courts located in California for any action or proceeding arising from or relating to this Agreement or relating to any arbitration in which the parties are participants.

(c) Executive understands that nothing in this Section modifies Executive's at-will employment status. Either Executive or the Company can terminate the employment relationship at any time, with or without Cause.

(d) EXECUTIVE HAS READ AND UNDERSTANDS THIS SECTION, WHICH DISCUSSES ARBITRATION. EXECUTIVE UNDERSTANDS THAT SUBMITTING ANY CLAIMS ARISING OUT OF, RELATING TO, OR IN CONNECTION WITH THIS AGREEMENT, OR THE INTERPRETATION, VALIDITY, CONSTRUCTION, PERFORMANCE, BREACH OR TERMINATION THEREOF TO BINDING ARBITRATION, CONSTITUTES A WAIVER OF EXECUTIVE'S RIGHT TO A JURY TRIAL AND RELATES TO THE RESOLUTION OF ALL DISPUTES RELATING TO ALL ASPECTS OF THE EMPLOYER/EMPLOYEE RELATIONSHIP, INCLUDING BUT NOT LIMITED TO, THE FOLLOWING CLAIMS:

(i) ANY AND ALL CLAIMS FOR WRONGFUL DISCHARGE OF EMPLOYMENT; BREACH OF CONTRACT, BOTH EXPRESS AND IMPLIED; BREACH OF THE COVENANT OF GOOD FAITH AND FAIR DEALING, BOTH EXPRESS AND IMPLIED; NEGLIGENT OR INTENTIONAL INFLICTION OF EMOTIONAL DISTRESS; NEGLIGENT OR INTENTIONAL MISREPRESENTATION; NEGLIGENT OR INTENTIONAL INTERFERENCE WITH CONTRACT OR PROSPECTIVE ECONOMIC ADVANTAGE; AND DEFAMATION.

(ii) ANY AND ALL CLAIMS FOR VIOLATION OF ANY FEDERAL STATE OR MUNICIPAL STATUTE, INCLUDING, BUT NOT LIMITED TO, TITLE VII OF THE CIVIL RIGHTS ACT OF 1964, THE CIVIL RIGHTS ACT OF 1991, THE AGE DISCRIMINATION IN EMPLOYMENT ACT OF 1967, THE AMERICANS WITH DISABILITIES ACT OF 1990, THE FAIR LABOR STANDARDS ACT, THE CALIFORNIA FAIR EMPLOYMENT AND HOUSING ACT, AND LABOR CODE SECTION 201, *et seq*;

(iii) ANY AND ALL CLAIMS ARISING OUT OF ANY OTHER LAWS AND REGULATIONS RELATING TO EMPLOYMENT OR EMPLOYMENT DISCRIMINATION.

10. Miscellaneous Provisions.

(a) No Duty to Mitigate. Executive will not be required to mitigate the amount of any payment contemplated by this Agreement, nor will any such payment be reduced by any earnings that Executive may receive from any other source.

(b) Waiver. No provision of this Agreement will be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by Executive and by an authorized officer of the Company (other than Executive). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party will be considered a waiver of any other condition or provision or of the same condition or provision at another time.

(c) Headings. All captions and section headings used in this Agreement are for convenient reference only and do not form a part of this Agreement.

(d) Entire Agreement. This Agreement constitutes the entire agreement of the parties hereto with respect to the subject matter described herein, and supersedes in its entirety Section 4 of the employment offer letter between Executive and the Company, dated August 24, 2007. Executive acknowledges and agrees that this Agreement encompasses all the rights of Executive to any acceleration of Award vesting or severance pay based on termination of employment, and Executive hereby agrees that he or she has no such rights except as stated herein, and Executive agrees that any such rights, whether in an employment agreement, offer letter, stock option agreement, stock option plan or other agreement, are hereby waived.

(e) Choice of Law. The validity, interpretation, construction and performance of this Agreement will be governed by the laws of the State of California (with the exception of its conflict of laws provisions).

(f) Severability. The invalidity or unenforceability of any provision or provisions of this Agreement will not affect the validity or enforceability of any other provision hereof, which will remain in full force and effect.

(g) Withholding. All payments made pursuant to this Agreement will be subject to withholding of applicable income and employment taxes.

(h) Counterparts. This Agreement may be executed in counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

IN WITNESS WHEREOF, each of the parties has executed this Agreement, in the case of the Company by its duly authorized officer, as of the day and year set forth below.

COMPANY

FORTINET, INC.

By: /s/ John Whittle

Title: Vice President, General Counsel

EXECUTIVE

By: /s/ Ken Goldman

Title: Chief Financial Officer

Exhibit 10.8

FORTINET, INC.

CHANGE OF CONTROL SEVERANCE AGREEMENT

This Change of Control Severance Agreement (the "Agreement") is made and entered into by and between John Whittle ("Executive") and Fortinet, Inc. (the "Company"), effective as of August 7, 2009 (the "Effective Date").

RECITALS

1. It is expected that the Company from time to time will consider the possibility of an acquisition by another company or other change of control. The Board of Directors of the Company (the "Board") recognizes that such consideration can be a distraction to Executive and can cause Executive to consider alternative employment opportunities. The Board has determined that it is in the best interests of the Company and its stockholders to assure that the Company will have the continued dedication and objectivity of Executive, notwithstanding the possibility, threat or occurrence of a Change of Control (as defined herein) of the Company.

2. The Board believes that it is in the best interests of the Company and its stockholders to provide Executive with an incentive to continue his or her employment and to motivate Executive to maximize the value of the Company upon a Change of Control for the benefit of its stockholders.

3. The Board believes that it is imperative to provide Executive with certain benefits upon termination of employment following a Change of Control. These benefits will provide Executive with enhanced financial security and incentive and encouragement to remain with the Company.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties hereto agree as follows:

1. Term of Agreement. This Agreement will terminate upon the earlier to occur of: (a) the Agreement's termination date as provided in Section 8 below, and (b) the date that all of the obligations of the parties hereto with respect to this Agreement have been satisfied.

2. At-Will Employment. The Company and Executive acknowledge that Executive's employment is and will continue to be at-will, as defined under applicable law. If Executive's employment terminates for any reason, including (without limitation) any termination prior to or twelve (12) months following a Change of Control, Executive will not be entitled to any acceleration of Award (as defined herein) vesting or severance pay based on termination of employment other than as provided by this Agreement.

3. Severance Benefits.

(a) Involuntary Termination Prior to, or Absent a Change of Control or After 12 Months Following a Change of Control. If prior to, or absent, a Change of Control or after twelve (12) months following a Change of Control, (i) the Company (or any parent or subsidiary of the Company) terminates Executive's employment without Cause or (ii) Executive terminates Executive's employment with the Company (or any parent or subsidiary of the Company) for Good Reason, then, subject to Sections 3(c) and (d) below, Executive will receive the following severance from the Company:

(i) Severance Payment. Executive will receive continuing payments of severance pay for a period of twelve (12) months from the date of such termination equal to Executive's base salary rate as in effect immediately prior to Executive's termination.

(ii) Equity Awards. If Executive holds unvested equity awards ("Awards") then unvested portion of such Awards that would have otherwise vested over a twelve (12) month period following such termination pursuant to the vesting schedule set forth in the award agreement will immediately vest and become exercisable, and, to the extent applicable, the Company's right of repurchase or reacquisition with respect to such Awards will lapse. The Awards will remain exercisable following the termination for the period prescribed in the respective award agreement.

(b) Involuntary Termination within 12 Months Following a Change of Control. If within twelve (12) months following a Change of Control, (i) the Company (or any parent or subsidiary of the Company) terminates Executive's employment without Cause or (ii) Executive terminates Executive's employment with the Company (or any parent or subsidiary of the Company) for Good Reason, then, subject to Section 3(c) and Section 3(d) below, Executive will receive the following severance from the Company:

(i) Severance Payment. Executive will receive continuing payments of severance pay for a period of twelve (12) months from the date of such termination equal to Executive's base salary rate as in effect immediately prior to (A) the Change of Control, or (B) Executive's termination, whichever is greater.

(ii) Equity Awards. If Executive holds unvested Awards then one hundred percent (100%) of the unvested shares subject to such Awards will immediately vest and become exercisable, and, to the extent applicable, the Company's right of repurchase or reacquisition with respect to such Awards will lapse. The Awards will remain exercisable, to the extent applicable, following the termination for the period prescribed in the respective stock plan and agreement for each Award.

(iii) Continued Employee Benefits. Executive will receive Company-paid coverage for a period of twelve (12) months for Executive and Executive's eligible dependents under the Company's Benefit Plans (as defined herein).

(c) Release of Claims Agreement. The receipt of any severance pay or other benefits pursuant to Sections 3(a) and (b) above will be subject to Executive signing and not revoking a release of claims agreement with the Company in a form reasonably acceptable to the

Company (provided the Company will work in good faith with Executive to reach agreement on the form of release) that is effective and irrevocable no later than the later of (i) the fifteenth day of the third month after the end of the Company's fiscal year in which such termination occurs or (ii) March 15 of the calendar year following the calendar year in which such termination of employment occurs. No such severance pay or other benefits will be paid or provided until the release of claims agreement becomes effective, and any severance amounts or benefits otherwise payable between the date of Executive's termination and the date of such release becomes effective and irrevocable shall be paid on the effective date of such release.

(d) Non-solicitation and Non-competition. Executive agrees, to the extent permitted by applicable law, that in the event Executive receives severance pay or other benefits pursuant to Sections 3(a) and (b) above, for the twelve (12) consecutive month period immediately following the date of Executive's termination, Executive, as a condition to receipt of severance pay and benefits under Sections 3(a) and (b), will not (i) either directly or indirectly, solicit, induce, recruit, encourage any employee of the Company to leave his employment either for Executive or for any other entity or person, or (ii) without the express written consent of the Company, directly or indirectly engage in, enter the employ, have any ownership interest in, or participate in any entity that as of the date of involuntary termination, engages in the design, development, manufacture, production, marketing, sale or servicing of any product or the provision of any service that competes with any service offered by the Company or any product sold by the Company or under development by the Company; provided, however, that ownership of less than one percent (1%) of the outstanding stock of any publicly traded corporation will not be deemed to be violative of the restrictive covenant set forth in this paragraph. The provisions of clause (ii) will not apply to Executive to the extent Executive is providing services or residing in the State of California.

The covenants contained in this Section 3(d) hereof shall be construed as a series of separate covenants, one for each country, province, state, city or other political subdivision in which the Company currently engages in its business or, during the term of this Agreement, becomes engaged in its business. Except for geographic coverage, each such separate covenant shall be deemed identical in terms to the covenant contained in this Section 3(d). If, in any judicial proceeding, a court refuses to enforce any of such separate covenants (or any part thereof), then such unenforceable covenant (or such part) shall be eliminated from this Agreement to the extent necessary to permit the remaining separate covenants (or portions thereof) to be enforced. In the event that the provisions of this Section 3(d) are deemed to exceed the time, geographic or scope limitations permitted by applicable law, then such provisions shall be reformed to the maximum time, geographic or scope limitations, as the case may be, permitted by applicable law.

(e) Timing of Severance Payments. The Company will pay the severance payments to which Executive is entitled as salary continuation with the same timing as in effect immediately prior to Executive's termination of employment. If Executive should die before all amounts have been paid, such unpaid amounts will be paid in a lump-sum payment (less any withholding taxes) to Executive's designated beneficiary, if living, or otherwise to the personal representative of Executive's estate.

(f) Voluntary Resignation; Termination For Cause. If Executive's employment with the Company terminates (i) voluntarily by Executive (except upon a termination for Good

Reason within twelve (12) months following a Change of Control) or (ii) for Cause by the Company (or any parent or subsidiary of the Company), then Executive will not be entitled to receive severance or other benefits except for those benefits (if any) which do not concern acceleration of Award vesting or severance pay based on termination of employment as may then be established under other Company policies or programs, if any.

(g) Disability; Death. If the Company terminates Executive's employment as a result of Executive's Disability, or Executive's employment terminates due to his or her death, then Executive will not be entitled to receive severance or other benefits except for those benefits (if any) which do not concern acceleration of Award vesting or severance pay based on termination of employment as may then be established under other Company policies or programs, if any.

(h) Exclusive Remedy. In the event of a termination of Executive's employment with the Company (or any parent or subsidiary of the Company), the provisions of this Section 3 are intended to be and are exclusive and in lieu of any other rights or remedies to which Executive or the Company may otherwise be entitled, whether at law, tort or contract, in equity, or under this Agreement. Executive will be entitled to no severance or other benefits upon termination of employment with respect to acceleration of Award vesting or severance pay other than those benefits expressly set forth in this Section 3.

(i) Section 409A. Notwithstanding anything to the contrary in this Agreement, no severance pay or benefits to be paid or provided to Executive, if any, pursuant to this Agreement, when considered together with any other severance payments or separation benefits that are considered deferred compensation under Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and any final regulations and official guidance promulgated thereunder ("Section 409A") (together, the "Deferred Compensation Separation Benefits") will be paid or otherwise provided until Executive has a "separation from service" within the meaning of Section 409A. In addition, if Executive is a "specified employee" within the meaning of Section 409A at the time of Executive's termination (other than due to death), then the Deferred Compensation Separation Benefits that are payable within the first six (6) months following Executive's separation from service, will become payable on the first payroll date that occurs on or after the date six (6) months and one (1) day following the date of Executive's separation from service. All subsequent Deferred Compensation Separation Benefits, if any, will be payable in accordance with the payment schedule applicable to each payment or benefit. Notwithstanding anything herein to the contrary, if Executive dies following Executive's separation from service, but prior to the six (6) month anniversary of the separation from service, then any payments delayed in accordance with this paragraph will be payable in a lump sum as soon as administratively practicable after the date of Executive's death and all other Deferred Compensation Separation Benefits will be payable in accordance with the payment schedule applicable to each payment or benefit. Each payment and benefit payable under this Agreement is intended to constitute separate payments for purposes of Section 1.409A-2(b)(2) of the Treasury Regulations. The foregoing provisions are intended to comply with the requirements of Section 409A so that none of the severance payments and benefits to be provided hereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities herein will be interpreted to so comply. Executive and the Company agree to work together in good faith to consider amendments to this Agreement and to take such

reasonable actions which are necessary, appropriate or desirable to avoid imposition of any additional tax or income recognition prior to actual payment to Executive under Section 409A.

4. Limitation on Payments. In the event that the severance and other benefits provided for in this Agreement or otherwise payable to Executive (i) constitute "parachute payments" within the meaning of Section 280G of the Code and (ii) but for this Section 4, would be subject to the excise tax imposed by Section 4999 of the Code, then Executive's severance benefits under Section 4(a)(i) will be either:

(a) delivered in full, or

(b) delivered as to such lesser extent which would result in no portion of such severance benefits being subject to excise tax under Section 4999 of the Code,

whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the excise tax imposed by Section 4999, results in the receipt by Executive on an after-tax basis, of the greatest amount of severance benefits, notwithstanding that all or some portion of such severance benefits may be taxable under Section 4999 of the Code. If a reduction in severance and other benefits constituting "parachute payments" is necessary so that benefits are delivered to a lesser extent, reduction shall occur in the following order: reduction of cash payments; cancellation of awards granted "contingent on a change in ownership or control" (within the meaning of Code Section 280G); cancellation of accelerated vesting of equity awards; reduction of employee benefits. In the event that acceleration of vesting of equity award compensation is to be reduced, such acceleration of vesting shall be cancelled in the reverse order of the date of grant of Executive's equity awards. Unless the Company and Executive otherwise agree in writing, any determination required under this Section 4 will be made in writing by an independent firm immediately prior to Change of Control (the "Firm"), whose determination will be conclusive and binding upon Executive and the Company for all purposes. For purposes of making the calculations required by this Section 4, the Firm may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Company and Executive will furnish to the Firm such information and documents as the Firm may reasonably request in order to make a determination under this Section. The Company will bear all costs the Firm may reasonably incur in connection with any calculations contemplated by this Section 4.

5. Definition of Terms. The following terms referred to in this Agreement will have the following meanings:

(a) Benefit Plans. For purposes of this Agreement, "Benefit Plans" means plans, policies or arrangements that the Company sponsors (or participates in) and that immediately prior to Executive's termination of employment provide Executive and/or Executive's eligible dependents with medical, dental, and/or vision benefits. Benefit Plans do not include any other type of benefit (including, but not by way of limitation, disability, life insurance or retirement benefits). A requirement that the Company provide Executive and Executive's eligible dependents with coverage under the Benefit Plans will not be satisfied unless the coverage is no less favorable than that provided to senior executives of the Company at any applicable time during the period Executive is

entitled to receive severance pursuant to Section 3. The Company may, at its option, satisfy any requirement that the Company provide coverage under any Benefit Plan by (i) reimbursing Executive's premiums under Title X of the Consolidated Budget Reconciliation Act of 1985, as amended ("COBRA") after Executive has properly elected continuation coverage under COBRA (in which case Executive will be solely responsible for electing such coverage for his eligible dependents), or (ii) providing coverage under a separate plan or plans providing coverage that is no less favorable or by paying Executive a lump-sum payment which is, on an after-tax basis, sufficient to provide Executive and Executive's eligible dependents with equivalent coverage under a third party plan that is reasonably available to Executive and Executive's eligible dependents.

(b) Cause. "Cause" is defined as (i) an act of dishonesty made by Executive in connection with Executive's responsibilities as an employee that materially adversely affects the Company, (ii) Executive's conviction of, or plea of nolo contendere to, a felony or any crime involving fraud, embezzlement or any other act of moral turpitude, or (iii) Executive's gross misconduct that materially and adversely affects the Company's reputation or business, or (iv) Executive's continued intentional refusal to perform his employment duties in a material fashion that materially and adversely affects the Company's reputation or business, after Executive has received a written demand of performance from the Company which specifically sets forth the factual basis for the Company's belief that Executive has not substantially performed his duties and Executive continues to refuse to cure such non-performance within thirty (30) days after receiving such notice.

(c) Change of Control. "Change of Control" of the Company is defined as:

(i) the acquisition by any one person, or more than one person acting as a group (for these purposes, persons will be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with the Company), ("Person") that or is or becomes the owner, directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding securities (the "Voting Securities"); provided, however, that for purposes of this subsection (i), the acquisition of additional securities by any one Person, who is considered to own more than fifty percent (50%) of the total voting power of the securities of the Company shall not be considered a Change of Control;

(ii) a change in the composition of the Board occurring within a twelve (12) month period, as a result of which fewer than a majority of the directors are Incumbent Directors. "Incumbent Directors" will mean directors who either (A) are directors of the Company as of the date hereof, or (B) are elected, or nominated for election, to the Board with the affirmative votes of at least a majority of the Incumbent Directors at the time of such election or nomination (but will not include an individual whose election or nomination is in connection with an actual or threatened proxy contest relating to the election of directors to the Company);

(iii) the date of the consummation of a merger or consolidation of the Company with any other corporation that has been approved by the stockholders of the Company, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by

being converted into voting securities of the surviving entity) fifty percent (50%) or more of the total voting power represented by the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation, or the stockholders of the Company approve a plan of complete liquidation of the Company; or

(iv) a change in the ownership of a substantial portion of the Company's assets which occurs on the date that any Person acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) assets from the Company that have a total gross fair market value equal to or more than fifty percent (50%) of the total fair market value of all of the assets of the Company immediately prior to such acquisition or acquisitions; provided, however, that for purposes of this Section 5 (c)(iv), the following shall not constitute a change in the ownership of a substantial portion of the Company's assets: (1) a transfer to an entity that is controlled by the Company's shareholders immediately after the transfer; or (2) a transfer of assets by the Company to: (A) a shareholder of the Company (immediately before the asset transfer) in exchange for or with respect to the Company's securities; (B) an entity, fifty percent (50%) or more of the total value or voting power of which is owned, directly or indirectly, by the Company; (C) a Person, that owns, directly or indirectly, fifty percent (50%) or more of the total value or voting power of all the outstanding stock of the Company; or (D) an entity, at least fifty percent (50%) of the total value or voting power of which is owned, directly or indirectly, by a Person described in subsection (C). For purposes of this clause (2), gross fair market value means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets.

Notwithstanding the foregoing, a Company transaction that does not constitute a change of control event under Treasury Regulation 1.409A-3(i)(5)(v) or (vii) shall be not be considered a Change of Control.

(d) Disability. "Disability" will mean that Executive has been unable to perform his Company duties as the result of his incapacity due to physical or mental illness, and such inability, at least twenty-six (26) weeks after its commencement, is determined to be total and permanent by a physician selected by the Company or its insurers and acceptable to Executive or Executive's legal representative (such Agreement as to acceptability not to be unreasonably withheld). Termination resulting from Disability may only be effected after at least thirty (30) days' written notice by the Company of its intention to terminate Executive's employment. In the event that Executive resumes the performance of substantially all of his duties hereunder before the termination of his employment becomes effective, the notice of intent to terminate will automatically be deemed to have been revoked.

(e) Good Reason. "Good Reason" means the occurrence of one or more of the following events without Executive's express written consent: (i) the assignment to Executive of any duties or the reduction of Executive's duties, either of which results in a material diminution in Executive's position or responsibilities with the Company in effect immediately prior to such assignment, or the removal of Executive from such position and responsibilities; provided, however, it being understood that a new position with a larger combined company does not alone constitute "Good Reason" if it is in the same area of operations and involves substantially the same duties and scope of responsibilities and management responsibility notwithstanding that Executive may not

retain as senior of a title within the larger combined company as Executive's prior title; (ii) a material reduction by the Company in the base salary of Executive; provided that, it being understood that a reduction by the Company by five percent (5%) or more in the base salary or bonus opportunity of Executive as in effect immediately prior to such reduction shall be deemed Good Reason within the meaning of this clause (ii); (iii) a material change in the geographic location at which Executive must perform services (for purposes of this Agreement, the relocation of Executive to a facility or a location less than twenty-five (25) miles from Executive's then-present location shall not be considered a material change in geographic location); (iv) any material breach by the Company of any material provision of this Agreement, or (vi) the failure of the Company to obtain the assumption of this Agreement by any successor. Executive will not resign for Good Reason without first providing the Company with written notice of the acts or omissions constituting the grounds for "Good Reason" within ninety (90) days of the initial existence of the grounds for "Good Reason" and a reasonable cure period of not less than thirty (30) days following the date of such notice.

6. Successors.

(a) The Company's Successors. Any successor to the Company (whether direct or indirect and whether by purchase, merger, consolidation, liquidation or otherwise) to all or substantially all of the Company's business and/or assets will assume the obligations under this Agreement and agree expressly to perform the obligations under this Agreement in the same manner and to the same extent as the Company would be required to perform such obligations in the absence of a succession. For all purposes under this Agreement, the term "Company" will include any successor to the Company's business and/or assets which executes and delivers the assumption agreement described in this Section 6(a) or which becomes bound by the terms of this Agreement by operation of law.

(b) Executive's Successors. The terms of this Agreement and all rights of Executive hereunder will inure to the benefit of, and be enforceable by, Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

7. Notice.

(a) General. Notices and all other communications contemplated by this Agreement will be in writing and will be deemed to have been duly given when personally delivered or when mailed by U.S. registered or certified mail, return receipt requested and postage prepaid. In the case of Executive, mailed notices will be addressed to him or her at the home address which he or she most recently communicated to the Company in writing. In the case of the Company, mailed notices will be addressed to its corporate headquarters, and all notices will be directed to the attention of its President.

(b) Notice of Termination. Any termination by the Company for Cause or by Executive for Good Reason or as a result of a voluntary resignation by Executive will be communicated by a notice of termination to the other party hereto given in accordance with Section 7(a) of this Agreement. Such notice will indicate the specific termination provision in this Agreement relied upon, will set forth in reasonable detail the facts and circumstances claimed to

provide a basis for termination under the provision so indicated, and will specify the termination date (which will be not more than thirty (30) days after the giving of such notice). The failure by Executive to include in the notice any fact or circumstance which contributes to a showing of Good Reason will not waive any right of Executive hereunder or preclude Executive from asserting such fact or circumstance in enforcing his or her rights hereunder.

8. Term of Agreement. This Agreement will have a term of five (5) years commencing on the Effective Date, which shall not be subject to renewal, unless a Change of Control occurs during such five (5) year period, in which case this Agreement will continue until all payments and benefits, if any, have been made to Executive.

9. Arbitration.

(a) Any dispute or controversy arising out of, relating to, or in connection with this Agreement, or the interpretation, validity, construction, performance, breach, or termination thereof, shall be settled by binding arbitration to be held in Santa Clara County, California, in accordance with the National Rules for the Resolution of Employment Disputes then in effect of the American Arbitration Association (the "Rules"). The arbitrator may grant injunctions or other relief in such dispute or controversy. The decision of the arbitrator shall be final, conclusive and binding on the parties to the arbitration. Judgment may be entered on the arbitrator's decision in any court having jurisdiction.

(b) The arbitrator(s) shall apply California law to the merits of any dispute or claim, without reference to conflicts of law rules. The arbitration proceedings shall be governed by federal arbitration law and by the Rules, without reference to state arbitration law. Executive hereby consents to the personal jurisdiction of the state and federal courts located in California for any action or proceeding arising from or relating to this Agreement or relating to any arbitration in which the parties are participants.

(c) Executive understands that nothing in this Section modifies Executive's at-will employment status. Either Executive or the Company can terminate the employment relationship at any time, with or without Cause.

(d) EXECUTIVE HAS READ AND UNDERSTANDS THIS SECTION, WHICH DISCUSSES ARBITRATION. EXECUTIVE UNDERSTANDS THAT SUBMITTING ANY CLAIMS ARISING OUT OF, RELATING TO, OR IN CONNECTION WITH THIS AGREEMENT, OR THE INTERPRETATION, VALIDITY, CONSTRUCTION, PERFORMANCE, BREACH OR TERMINATION THEREOF TO BINDING ARBITRATION, CONSTITUTES A WAIVER OF EXECUTIVE'S RIGHT TO A JURY TRIAL AND RELATES TO THE RESOLUTION OF ALL DISPUTES RELATING TO ALL ASPECTS OF THE EMPLOYER/EMPLOYEE RELATIONSHIP, INCLUDING BUT NOT LIMITED TO, THE FOLLOWING CLAIMS:

(i) ANY AND ALL CLAIMS FOR WRONGFUL DISCHARGE OF EMPLOYMENT; BREACH OF CONTRACT, BOTH EXPRESS AND IMPLIED; BREACH OF THE COVENANT OF GOOD FAITH AND FAIR DEALING, BOTH EXPRESS AND IMPLIED;

NEGLIGENT OR INTENTIONAL INFLICTION OF EMOTIONAL DISTRESS; NEGLIGENT OR INTENTIONAL MISREPRESENTATION; NEGLIGENT OR INTENTIONAL INTERFERENCE WITH CONTRACT OR PROSPECTIVE ECONOMIC ADVANTAGE; AND DEFAMATION.

(ii) ANY AND ALL CLAIMS FOR VIOLATION OF ANY FEDERAL STATE OR MUNICIPAL STATUTE, INCLUDING, BUT NOT LIMITED TO, TITLE VII OF THE CIVIL RIGHTS ACT OF 1964, THE CIVIL RIGHTS ACT OF 1991, THE AGE DISCRIMINATION IN EMPLOYMENT ACT OF 1967, THE AMERICANS WITH DISABILITIES ACT OF 1990, THE FAIR LABOR STANDARDS ACT, THE CALIFORNIA FAIR EMPLOYMENT AND HOUSING ACT, AND LABOR CODE SECTION 201, *et seq*;

(iii) ANY AND ALL CLAIMS ARISING OUT OF ANY OTHER LAWS AND REGULATIONS RELATING TO EMPLOYMENT OR EMPLOYMENT DISCRIMINATION.

10. Miscellaneous Provisions.

(a) No Duty to Mitigate. Executive will not be required to mitigate the amount of any payment contemplated by this Agreement, nor will any such payment be reduced by any earnings that Executive may receive from any other source.

(b) Waiver. No provision of this Agreement will be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by Executive and by an authorized officer of the Company (other than Executive). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party will be considered a waiver of any other condition or provision or of the same condition or provision at another time.

(c) Headings. All captions and section headings used in this Agreement are for convenient reference only and do not form a part of this Agreement.

(d) Entire Agreement. This Agreement constitutes the entire agreement of the parties hereto with respect to the subject matter described herein, and supersedes in its entirety Sections 3 and 4 of the employment offer letter between Executive and the Company, dated October 18, 2006. Executive acknowledges and agrees that this Agreement encompasses all the rights of Executive to any acceleration of Award vesting or severance pay based on termination of employment, and Executive hereby agrees that he or she has no such rights except as stated herein, and Executive agrees that any such rights, whether in an employment agreement, offer letter, stock option agreement, stock option plan or other agreement, are hereby waived.

(e) Choice of Law. The validity, interpretation, construction and performance of this Agreement will be governed by the laws of the State of California (with the exception of its conflict of laws provisions).

(f) Severability. The invalidity or unenforceability of any provision or provisions of this Agreement will not affect the validity or enforceability of any other provision hereof, which will remain in full force and effect.

(g) Withholding. All payments made pursuant to this Agreement will be subject to withholding of applicable income and employment taxes.

(h) Counterparts. This Agreement may be executed in counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

IN WITNESS WHEREOF, each of the parties has executed this Agreement, in the case of the Company by its duly authorized officer, as of the day and year set forth below.

COMPANY

FORTINET, INC.

By: /s/ Ken Xie

Title: President and Chief Executive Officer

EXECUTIVE

By: /s/ John Whittle

Title: Vice President, General Counsel

FORTINET

August 24, 2007

Mr. Ken Goldman

Dear Mr. Goldman;

We are pleased to extend an offer to you for the position of Vice President and Chief Financial Officer for Fortinet, Inc. ("Company") reporting to Ken Xie, President and Chief Executive Officer. We are excited about the opportunity to work with you in this capacity. We believe that it is important to a healthy working relationship that both parties understand the terms and conditions of employment before commencing employment. In order to ensure both you and the Company have a common understanding, we set forth below some of the fundamental premises.

This position is full-time with the understanding that during your employment you will not engage in outside consulting activities, whether compensated or not, which materially interfere with the performance of your job duties with the Company or create a conflict of interest, nor will you establish a competing business during your employment with the Company. Accordingly, you are expected to seek approval from the Company before engaging in any employment or consulting services outside the Company while employed by Fortinet, Inc. so that the Company may determine if any conflict exists. We recognize that you will maintain membership in a select group of boards that compliment, versus hinder your leadership responsibilities and in no way compromise your commitment to Fortinet. You also confirm that you are not bound by any other agreement with any prior or current employer, person or entity which would prevent you from fully performing your duties with Fortinet, Inc.

This offer of employment is not for any specific period of time; instead your employment is at all times "at will." This means that you may terminate your employment with or without cause or prior notice, and the Company has the same right. In addition, the Company may change your compensation, duties, assignments, responsibilities or location of your position at any time to adjust to the changing needs of our dynamic company. These provisions expressly supersede any previous representations, oral or written. Your at-will employment status cannot be modified unless it is written and signed by both you and the President of the Company.

It is also understood that you would commence employment with the Company on or before September 10, 2007.

Your compensation package will include the following:

Base Salary

1. Annual base salary of $300,000 payable semi-monthly in accordance with Company policy and procedures.

Incentive Bonus Plan

2. You will be eligible to participate in the executive bonus plan which currently offers up to 30% bonus, paid quarterly, based on successful completion of Company and individual objectives.

Stock Options

3. Management will recommend to the Company's Board of Directors that you will be granted an option to purchase 600,000 shares of common stock of the Company at a price per share equal to the fair market value per share of the Company's common stock on the date of grant, as determined by the Company's Board of Directors. Management will recommend to the Board of Directors that your option vest monthly over 48 months, subject to the acceleration terms referred to below, provided that the exercise of your option will be restricted until there is in effect a registration statement under the Securities Act of 1993 covering such exercise, or a valid exemption is available with respect to such exercise from the registration requirements of such Act. Notwithstanding anything to the contrary herein, the granting of any stock options, the timing and exercise price of

any grant and other terms of any grant shall be subject entirely to approval by the Company's Board of Directors, which approval shall be in the sole discretion of the Board, and shall be subject to the Company's determination that such grant, timing, exercise price and other terms are compliant with regulatory and other legal requirements, which determination shall be in the Company's sole discretion. The Company reserves the right to change the terms of such grant based on direction from the Board of Directors and based on regulatory and other legal requirements.

Change of Control Provisions

4. If you are subject to an involuntary termination as a result of Change of Control 100% of your outstanding options will immediately vest for the purpose of determining the number of shares vested or exercisable. However, this paragraph 4 will not apply unless you (a) sign a general mutual release of claims (in the form prescribed by the Company) of all known and unknown claims that the Company may then have against you or you may then have against the Company or persons affiliated with the Company and (b) you have returned all Company property.

Paid Time Off

5. You will participate in the Company's time-off program which currently offers 120 hours paid time off (PTO), earned annually, as well as one float holiday and ten nationally recognized holidays.

Health Insurance and 401K Plan

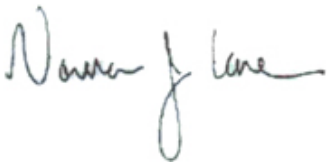
6. As a Company employee you are also eligible to receive health insurance coverage through the Company insurance plan, and to participate in the Company's 401K plan. The Company shall also reimburse you for all agreed-upon, reasonable business expenses incurred in the performance of your duties on behalf of the Company upon submission of expense reports as necessary to substantiate the Company's federal income tax deductions for such expenses under the Internal Revenue Code (as amended) and procedures as may be established by the Board of Directors of the Company.

Because the Company's proprietary information is extremely important, this offer of employment is expressly subject to your executing a Proprietary Information and Inventions Agreement and an Agreement to Arbitrate Disputes Relating to Employment on your first day of employment, as well as your agreement to follow all other rules and policies that the Company may announce from time to time. This offer is also contingent upon proof of identity and work eligibility. Under the Immigration and Reform Act of 1986, employers are required to verify the identity and employment eligibility of all new hires within three (3) business days of hire. To assist us in complying with this requirement please bring appropriate documents with you on your first day.

Please sign and date this letter below and return it to me to indicate your acceptance of the Company's offer. A duplicate original is enclosed for your records. This offer will remain available through August 31, 2007.

We look forward to working with you at Fortinet, Inc.

Sincerely,



Norma Lane
Vice President, Global Human Resources

Mr. Ken Goldman

ACCEPTED AND AGREED:

Date: 8/31/07

Exhibit 10.10

October 18, 2006

Mr. John Whittle

Dear Mr. Whittle:

We are pleased to extend an offer to you for the position of Vice President and General Counsel for Fortinet, Inc. ("Company") reporting to Brett White, Chief Financial Officer. We are excited about the opportunity of working with you. We believe that it is important to a healthy working relationship that both parties understand the terms and conditions of employment before commencing employment. In order to ensure that both you and the Company have a common understanding, we set forth below some of the fundamental premises.

This position is full-time with the understanding that during your employment you will not engage in outside consulting activities, whether compensated or not, which materially interfere with the performance of your job duties with the Company or create a conflict of interest, nor will you establish a competing business during your employment with the Company. Accordingly, you are required to seek approval from the Company before engaging in any employment or consulting services outside the Company while employed by Fortinet, Inc. so that the Company may determine if any conflict exists. You also confirm that you are not bound by any other agreement with any prior or current employer, person or entity which would prevent you from fully performing your duties with Fortinet, Inc.

This offer of employment is not for any specific period of time; instead your employment is at all times "at will." This means that you may terminate your employment with or without cause or prior notice, and the Company has the same right. In addition, the Company may change your compensation, duties, assignments, responsibilities or location of your position at any time to adjust to the changing needs of our dynamic company. These provisions expressly supersede any previous representations, oral or written. Your at-will employment status cannot be modified unless it is written and signed by both you and the President of the Company.

It is also understood that you would commence employment with the Company on or before October 24, 2006.

Your compensation package will include the following:

Base Salary

1. Annual base salary of $220,000 payable semi-monthly in accordance with Company policy and procedures.

Incentive Bonus Plan

2. You will be eligible to participate in the executive bonus plan which currently offers up to 30% bonus, paid quarterly, based on successful completion of company and individual objectives. The company agrees to guarantee your 4th quarter, 2006 executive bonus at 100% eligible pay (currently 30% of Quarter 4, 2006 base pay earnings) in an effort to off set any potential income loss from previous employment.

Stock Options

3. You will be granted options to purchase 150,000 shares of common stock subject to approval from the Company Board of Directors, the terms and conditions of which shall be set forth in the Company's Stock Option Plan and Stock Option Agreement, as may be amended from time to time. Your options will be subject to "double trigger" 100% acceleration upon Change of Control, the terms and conditions of which shall be set forth in the Stock Option Agreement.

Severance Payment

4. If you are subject to an involuntary termination (including as a result of Change of Control), the Company will pay you a lump sum equal to the sum of your base salary for a period of 12 months. Your base salary will be based on the rate in effect at the time of the termination of your employment. Additionally your outstanding options will immediately vest an additional twelve months for the purpose of determining the number of shares vested or exercisable. However, this paragraph 4 will not apply unless you (a) sign a general mutual release of claims (in the form prescribed by the Company) of all known and unknown claims that the Company may then have against you or you may then have against the Company or persons affiliated with the Company and (b) you have returned all Company property.

Paid Time Off

5. You will participate in the Company's time-off program which currently offers 120 hours paid time off (PTO), earned annually, as well as one float holiday and ten nationally recognized holidays.

Health Insurance and 401K Plan

6. As a Company employee you are also eligible to receive health insurance coverage through the Company insurance plan, and to participate in the Company's 401K plan. The Company shall also reimburse you for all agreed-upon, reasonable business expenses incurred in the performance of your duties on behalf of the Company upon submission of expense reports as necessary to substantiate the Company's federal income tax deductions for such expenses under the Internal Revenue Code (as amended) and procedures as may be established by the Board of Directors of the Company.

Reporting Relationship

7. As the General Counsel, all legal staff, including the current vice president of Legal will have a reporting relationship to you.

Because the Company's proprietary information is extremely important, this offer of employment is expressly subject to your executing a Proprietary Information and Inventions Agreement on your first day of employment, as well as your agreement to follow all other rules and policies that the Company may announce from time to time. This offer is also contingent upon proof of identity and work eligibility. Under the Immigration and Reform Act of 1986, employers are required to verify the identity and employment eligibility of all new hires within three (3) business days of hire. To assist us in complying with this requirement please bring appropriate documents with you on your first day.

Please sign and date this letter below and return it to me to indicate your acceptance of the Company's offer. A duplicate original is enclosed for your records. This offer will remain available through October 23, 2006.

We look forward to working with you at Fortinet, Inc.

Mr. John Whittle

ACCEPTED AND AGREED:

Date: 10/23/06

Sincerely,

Norma Lane
Vice President, Human Resources

Exhibit 10.11

FORTINET, INC.

CHANGE OF CONTROL AGREEMENT

This Change of Control Agreement (the "Agreement") is made and entered into by and between _____ ("Outside Director") and Fortinet, Inc. (the "Company"), effective as of _____, 2009 (the "Effective Date").

RECITALS

1. It is expected that the Company from time to time will consider the possibility of an acquisition by another company or other change of control. The Board of Directors of the Company (the "Board") recognizes that such consideration can be a distraction to Outside Director and has determined that it is in the best interests of the Company and its stockholders to assure that the Company will have the continued dedication and objectivity of Outside Director, notwithstanding the possibility, threat or occurrence of a Change of Control (as defined herein) of the Company.

2. The Board believes that it is in the best interests of the Company and its stockholders to provide Outside Director with an incentive to motivate Outside Director to maximize the value of the Company upon a Change of Control for the benefit of its stockholders.

3. The Board believes that it is imperative to provide Outside Director with certain benefits upon a Change of Control. These benefits will provide Outside Director with enhanced financial incentive and encouragement to remain with the Company.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties hereto agree as follows:

1. Term of Agreement. This Agreement will terminate upon earlier to occur of: (1) the date that Outside Director resigns from, was removed from, or fails to be reelected to, the Board, in each case, not in connection with a Change of Control (as defined below); and (2) the date that all of the obligations of the parties hereto with respect to this Agreement have been satisfied.

2. Benefits upon a Change of Control.

(a) Equity Awards. If Outside Director holds unvested equity awards ("Awards") then one hundred percent (100%) of the unvested shares subject to such Awards will immediately vest and become exercisable, and, to the extent applicable, the Company's right of repurchase or reacquisition with respect to such Awards will lapse, upon a Change of Control.

(b) Change of Control. For purposes of this Agreement, "Change of Control" of the Company is defined as:

(i) the acquisition by any one person, or more than one person acting as a group (for these purposes, persons will be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with the Company), ("Person") that or is or becomes the owner, directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding securities (the "Voting Securities"); provided, however, that for purposes of this subsection (i), the acquisition of additional securities by any one Person, who is considered to own more than fifty percent (50%) of the total voting power of the securities of the Company shall not be considered a Change of Control;

(ii) a change in the composition of the Board occurring within a twelve (12) month period, as a result of which fewer than a majority of the Outside Directors are Incumbent Outside Directors. "Incumbent Outside Directors" will mean Outside Directors who either (A) are Outside Directors of the Company as of the date hereof, or (B) are elected, or nominated for election, to the Board with the affirmative votes of at least a majority of the Incumbent Outside Directors at the time of such election or nomination (but will not include an individual whose election or nomination is in connection with an actual or threatened proxy contest relating to the election of Outside Directors to the Company);

(iii) the date of the consummation of a merger or consolidation of the Company with any other corporation that has been approved by the stockholders of the Company, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) fifty percent (50%) or more of the total voting power represented by the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation, or the stockholders of the Company approve a plan of complete liquidation of the Company; or

(iv) a change in the ownership of a substantial portion of the Company's assets which occurs on the date that any Person acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition by such person or persons) assets from the Company that have a total gross fair market value equal to or more than fifty percent (50%) of the total fair market value of all of the assets of the Company immediately prior to such acquisition or acquisitions; provided, however, that for purposes of this Section 2(b)(iv), the following shall not constitute a change in the ownership of a substantial portion of the Company's assets: (1) a transfer to an entity that is controlled by the Company's shareholders immediately after the transfer; or (2) a transfer of assets by the Company to: (A) a shareholder of the Company (immediately before the asset transfer) in exchange for or with respect to the Company's securities; (B) an entity, fifty percent (50%) or more of the total value or voting power of which is owned, directly or indirectly, by the Company; (C) a Person, that owns, directly or indirectly, fifty percent (50%) or more of the total value or voting power of all the outstanding stock of the Company; or (D) an entity, at least fifty percent (50%) of the total value or voting power of which is owned, directly or indirectly, by a Person described in subsection (C). For purposes of this clause (2), gross fair

market value means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets.

Notwithstanding the foregoing, a Company transaction that does not constitute a change in control event under Treasury Regulation 1.409A-3(i)(5)(v) or (vii) shall not be considered a Change of Control.

(c) Section 409A. The provisions of this Agreement are intended to comply with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and any final regulations and official guidance promulgated thereunder ("Section 409A") so that none of the benefits to be provided hereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities herein will be interpreted to so comply. Outside Director and the Company agree to work together in good faith to consider amendments to this Agreement and to take such reasonable actions which are necessary, appropriate or desirable to avoid imposition of any additional tax or income recognition prior to actual payment to Outside Director under Section 409A.

3. Limitation on Payments. In the event that the benefits provided for in this Agreement (i) constitute "parachute payments" within the meaning of Section 280G of the Code and (ii) but for this Section 3, would be subject to the excise tax imposed by Section 4999 of the Code, then Outside Director's benefits under Section 2(a) will be either:

(a) delivered in full, or

(b) delivered as to such lesser extent which would result in no portion of such benefits being subject to excise tax under Section 4999 of the Code,

whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the excise tax imposed by Section 4999, results in the receipt by Outside Director on an after-tax basis, of the greatest amount of benefits, notwithstanding that all or some portion of such benefits may be taxable under Section 4999 of the Code. Unless the Company and Outside Director otherwise agree in writing, any determination required under this Section 3 will be made in writing by an independent firm immediately prior to Change of Control (the "Firm"), whose determination will be conclusive and binding upon Outside Director and the Company for all purposes. For purposes of making the calculations required by this Section 3, the Firm may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Company and Outside Director will furnish to the Firm such information and documents as the Firm may reasonably request in order to make a determination under this Section. The Company will bear all costs the Firm may reasonably incur in connection with any calculations contemplated by this Section 3.

4. Successors.

(a) The Company's Successors. Any successor to the Company (whether direct or indirect and whether by purchase, merger, consolidation, liquidation or otherwise) to all or

substantially all of the Company's business and/or assets will assume the obligations under this Agreement and agree expressly to perform the obligations under this Agreement in the same manner and to the same extent as the Company would be required to perform such obligations in the absence of a succession. For all purposes under this Agreement, the term "Company" will include any successor to the Company's business and/or assets which executes and delivers the assumption agreement described in this Section 4(a) or which becomes bound by the terms of this Agreement by operation of law.

(b) Outside Director's Successors. The terms of this Agreement and all rights of Outside Director hereunder will inure to the benefit of, and be enforceable by, Outside Director's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

5. Notice.

(a) General. Notices and all other communications contemplated by this Agreement will be in writing and will be deemed to have been duly given when personally delivered or when mailed by U.S. registered or certified mail, return receipt requested and postage prepaid. In the case of Outside Director, mailed notices will be addressed to him or her at the home address which he or she most recently communicated to the Company in writing. In the case of the Company, mailed notices will be addressed to its corporate headquarters, and all notices will be directed to the attention of its President.

6. Arbitration.

(a) Any dispute or controversy arising out of, relating to, or in connection with this Agreement, or the interpretation, validity, construction, performance, breach, or termination thereof, shall be settled by binding arbitration to be held in Santa Clara County, California, in accordance with the National Rules for the Resolution of Employment Disputes then in effect of the American Arbitration Association (the "Rules"). The arbitrator may grant injunctions or other relief in such dispute or controversy. The decision of the arbitrator shall be final, conclusive and binding on the parties to the arbitration. Judgment may be entered on the arbitrator's decision in any court having jurisdiction.

(b) The arbitrator(s) shall apply California law to the merits of any dispute or claim, without reference to conflicts of law rules. The arbitration proceedings shall be governed by federal arbitration law and by the Rules, without reference to state arbitration law. Outside Director hereby consents to the personal jurisdiction of the state and federal courts located in California for any action or proceeding arising from or relating to this Agreement or relating to any arbitration in which the parties are participants.

(c) OUTSIDE DIRECTOR HAS READ AND UNDERSTANDS THIS SECTION, WHICH DISCUSSES ARBITRATION. OUTSIDE DIRECTOR UNDERSTANDS THAT SUBMITTING ANY CLAIMS ARISING OUT OF, RELATING TO, OR IN CONNECTION WITH THIS AGREEMENT, OR THE INTERPRETATION, VALIDITY, CONSTRUCTION, PERFORMANCE, BREACH OR TERMINATION THEREOF TO BINDING

ARBITRATION, CONSTITUTES A WAIVER OF OUTSIDE DIRECTOR'S RIGHT TO A JURY TRIAL AND RELATES TO THE RESOLUTION OF ALL DISPUTES RELATING HERETO, INCLUDING BUT NOT LIMITED TO, THE FOLLOWING CLAIMS:

(i) ANY AND ALL CLAIMS FOR BREACH OF CONTRACT, BOTH EXPRESS AND IMPLIED; BREACH OF THE COVENANT OF GOOD FAITH AND FAIR DEALING, BOTH EXPRESS AND IMPLIED; NEGLIGENT OR INTENTIONAL INFLICTION OF EMOTIONAL DISTRESS; NEGLIGENT OR INTENTIONAL MISREPRESENTATION; NEGLIGENT OR INTENTIONAL INTERFERENCE WITH CONTRACT OR PROSPECTIVE ECONOMIC ADVANTAGE; AND DEFAMATION.

(ii) ANY AND ALL CLAIMS FOR VIOLATION OF ANY FEDERAL STATE OR MUNICIPAL STATUTE, INCLUDING, BUT NOT LIMITED TO, TITLE VII OF THE CIVIL RIGHTS ACT OF 1964, THE CIVIL RIGHTS ACT OF 1991, *et seq.*

7. Miscellaneous Provisions.

(a) Waiver. No provision of this Agreement will be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by Outside Director and by an authorized officer of the Company (other than Outside Director). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party will be considered a waiver of any other condition or provision or of the same condition or provision at another time.

(b) Headings. All captions and section headings used in this Agreement are for convenient reference only and do not form a part of this Agreement.

(c) Entire Agreement. This Agreement constitutes the entire agreement of the parties hereto. Outside Director acknowledges and agrees that this Agreement encompasses all the rights of Outside Director to any acceleration of Award vesting or the lapsing of restrictions thereto, and Outside Director hereby agrees that he or she has no such rights except as stated herein, and Outside Director agrees that any such rights, whether in a service agreement, stock option agreement, restricted stock purchase agreement, stock plan or other agreement, are hereby waived.

(d) Choice of Law. The validity, interpretation, construction and performance of this Agreement will be governed by the laws of the State of California (with the exception of its conflict of laws provisions).

(e) Severability. The invalidity or unenforceability of any provision or provisions of this Agreement will not affect the validity or enforceability of any other provision hereof, which will remain in full force and effect.

(f) Counterparts. This Agreement may be executed in counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, each of the parties has executed this Agreement, in the case of the Company by its duly authorized officer, as of the day and year set forth below.

COMPANY

FORTINET, INC.

By: _____

Name: _____

Title: _____

OUTSIDE DIRECTOR

By: _____

Name: _____

Exhibit 21.1

FORTINET, INC. SUBSIDIARIES

Entity	Jurisdiction of Incorporation
Fortinet International, Inc.	Cayman Islands
Fortinet UK, Ltd.	United Kingdom
Fortinet Technologies Sales (Canada), Inc.	Canada
Fortinet Technologies (Canada), Inc.	Canada
Fortinet Japan K.K.	Japan
Fortinet Information Technology (Beijing) Co., Ltd.	China
Fortinet Information Technology (Tianjin) Co., Ltd.	China
Fortinet Malaysia SDN. BHD.	Malaysia
Fortinet Singapore Private Limited	Singapore
Fortinet Technologies India Private Limited	India
Fortinet S.A.R.L.	France
Fortinet GmbH	Germany

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the use in this Registration Statement on Form S-1 of our report dated March 16, 2009, relating to the consolidated financial statements and financial statement schedule of Fortinet, Inc. and subsidiaries appearing in the Prospectus, which is a part of such Registration Statement.

We also consent to the reference to us under the heading “Experts” in such Prospectus.

/s/ Deloitte & Touche LLP

San Jose, California
August 10, 2009

August 10, 2009

Via EDGAR

Securities and Exchange Commission
Division of Corporation Finance
100 F Street, N.E.
Washington, D.C. 20549

Re: Fortinet, Inc. – Registration Statement on Form S-1 (the "Registration Statement")

Ladies and Gentlemen:

On behalf of Fortinet, Inc., a Delaware corporation (the "Company"), we are writing this letter to accompany the filing of the Registration Statement to register the offer and sale of shares of the Company's common stock.

We respectfully direct the Staff's attention to the disclosure set forth under the risk factors entitled "*Our failure to timely file a registration statement under the Securities Exchange Act of 1934 may subject us to claims under federal securities laws*" and "*Because we may have issued stock options and shares of common stock in violation of federal and state securities laws, we may be required to offer to repurchase those securities and may incur other costs*" beginning on page 31 of the Registration Statement. This disclosure relates to the Company's determination in January 2007 that it was required under Section 12(g) of the Securities Exchange Act of 1934 to have filed a Form 10 by April 30, 2006 to register its common stock and options to purchase common stock. Upon such determination, the Company commenced the process to prepare and file a Form 10, which it was unable to complete as it could not produce the required audited financial statements. In December 2007, Securities and Exchange Commission Rule 12h-1 became effective. In this regard, from December 2007 through April 2008, on behalf of the Company, we consulted with members of the Staff regarding the Company's situation and furnished a memorandum summarizing the relevant history addressed to Barbara Jacobs (Assistant Director). In addition to Ms. Jacobs, Thomas Kim (Chief Counsel), Carol McGee (Deputy Chief Counsel) and Jeff Cohan of the Office of the Chief Counsel of the Division of Corporate Finance were involved at various times in the discussions. As a result of those discussions, the Company determined, among other things, that it could rely on the recently enacted Rule 12h-1 exemption. During the course of those discussions, the Staff noted that the Company should consider appropriate disclosure of its history with respect to Section 12(g) compliance and related matters at the time of any future filing with respect to an initial public offering of its common stock. More recently, in July 2009, we contacted Ms. Jacobs to apprise her of the Company's plans to file the accompanying registration statement. At that time, she suggested that there was no need for further discussion in advance of the filing with respect to

these matters, reminded us of the Staff's view that appropriate disclosure should be included in the filing, and requested that this history be noted for the benefit of the Staff in the transmittal letter accompanying the filing. The Company's disclosure regarding these matters is set forth in the above-mentioned risk factors.

Pursuant to Rule 461(a) of Regulation C under the Securities Act of 1933, as amended (the "Act"), on behalf of the Company and the managing underwriters named in the section "Underwriters" of the prospectus included within the Registration Statement, the Company and such managing underwriters inform the staff of the Securities and Exchange Commission that the Company and such managing underwriters may orally request acceleration of the effective date of the Registration Statement and that the Company and such underwriters are aware of their respective obligations under the Act.

Should you have any questions or comments, please don't hesitate to contact Scott Anthony at (650) 493-9300 and fax (650) 493-6811.

Very truly yours,

WILSON SONSINI GOODRICH & ROSATI
Professional Corporation

/s/ Scott Anthony
Scott Anthony

cc: John Whittle, *Fortinet, Inc.* fax (408) 716-3016
Carmen Chang, *Wilson Sonsini Goodrich & Rosati, PC* fax (650) 493-6811
John Fore, *Wilson Sonsini Goodrich & Rosati, PC* fax (650) 493-6811
Katharine Martin, *Wilson Sonsini Goodrich & Rosati, PC* fax (650) 493-6811
Alan Denenberg, *Davis Polk & Wardwell* LLP fax (650) 752-3604
Sarah Solum, *Davis Polk & Wardwell LLP* fax (650) 752-3611