

Cisco Annual Report 2009 Shareholder Video Transcript

Hello, I'm John Chambers, Chairman and CEO of Cisco, and it's a pleasure to deliver the Annual Report via video for the summary.

FY'09 was really a challenging and an extraordinary year in many ways, both for us and for our customers and with a lot of economic challenges around the world. And while Cisco is not immune from those challenges, the role of the network did change over this last fiscal year with the network enabling new solutions to address everything from healthcare to GDP growth.

And our continued focus over Cisco's 25 years to our customers always being our number-one priority, is truly what is kind of our guiding light through these challenging times.

When you think about what we did different than most of our counterparts, at a time when many people were hunkering down, we reduced our expenses, and we also reallocated over a billion dollars in resources.

And we moved into 30 market adjacencies. We prioritized within these movements into five key categories, with our top five priorities being:

- Building the next-generation company enabled by technology
- Collaboration and Web 2.0 technology tools
- Virtualization, first in the data center, and then all the way into the home
- Video, if there is a killer application on the Internet, it is truly video; but video will transform how we interface to our customers, family, and friends, in ways we're just beginning to imagine
- And to begin to think about how we will address the global markets

When you also look at the ability to do 30 market adjacencies at one time, we clearly have come up with a new organizational structure built around what we call Councils, [which focus on] ten-billion-dollar opportunities, and Boards, [which address] one-billion-dollar opportunities, and we're entering a portfolio potential play.

Now, we've never focused on more than one or two per year before. And it is this collaborative technology enabled by a concept of networking tools, which they call Web 2.0, that suddenly allows us to move with the speed, skill, flexibility, and then to replicate, that we think will be the model for the rest of the industry, and the rest of business and government around the world.

The results, given how challenging it was, were pretty solid. When you think about it during the year, we generated almost 10 billion dollars in cash from operations; 36 billion dollars in sales. Our Public Sector and Services both were the two positive lights. Service Provider and Enterprise and Commercial were a little bit more challenging.

We also, I think, have taken another step in most of our customers' eyes, in the industry's eyes, in terms of our innovation capability. Innovation in almost everything we do, not just in engineering, with moving and a goal of being the number-one player in each market we enter into, but also in business models, speed of movement, partnering, and continuing a very effective investment in internal startups and acquisitions.

Our assets cross 68 billion dollars—35 billion in cash and cash equivalents. And when you think about where we're going, we've been able to do this innovation in terms of internal startups, movement into new markets, partnerships, etcetera. And our acquisitions, there were a number of them in collaboration, and also focused on the data center.

So, in closing, first of all, I want to thank you as a shareholder, or potential shareholder, for your confidence in Cisco. We will do our best not to let you down.

This is our 25th year in our history, and it's something that we've been very proud of. And, while we faced a lot of different competitors over the years, and will face many more in the future, our ability to catch market transitions and listen to the customer, and try to create truly a win-win environment for our shareholders, our employees, and our customers and partners, we think is unique in the industry.

We've always tried to be the leader in any segment we moved into, and we've tried to do this with a sense of confidence and humility that I think is very important, and very much in line with our customer attitude, in terms of being driven by our customers.

So, I want to thank you. I want to congratulate the employees at Cisco. I want to thank you as shareholders for the confidence you have in us. And while we clearly set very aggressive stretch goals over 15 years ago, saying that our goal was to change the way the world works, lives, and learns, and plays, through the Internet, and to lead in this area, I think many of you would say that we have.

We're going to set an equally aggressive and aspirational goal, trying to become the best company in the world, and the best company for the world. Thank you for joining me today. Have a great day.

**Americas Headquarters**

Cisco Systems, Inc.
170 West Tasman Drive
San Jose, CA 95134-1706
USA
www.cisco.com
Tel: 408 526-4000
800 553-NETS (6387)
Fax: 408 527-0883

Asia Pacific Headquarters

Cisco Systems, Inc.
168 Robinson Road
#28-01 Capital Tower
Singapore 068912
www.cisco.com
Tel: +65 6317 7777
Fax: +65 6317 7799

Europe Headquarters

Cisco Systems International BV
Haarlerbergpark
Haarlerbergweg 13-19
1101 CH Amsterdam
The Netherlands
www-europe.cisco.com
Tel: +31 0 800 020 0791
Fax: +31 0 20 357 1100

Cisco has more than 200 offices worldwide. Addresses, phone numbers, and fax numbers are listed on the Cisco Website at www.cisco.com/go/offices.