







Table of Contents

	<i>Financial Highlights</i>	1
	<i>Letter to Shareholders</i>	2
	<i>Living in the Internet Economy</i>	6
	<i>Gaining Advantage with Internet Business Solutions</i>	8
	<i>Are You Ready for the Internet Economy?</i>	16
	<i>Financial Review</i>	18

Cisco Systems, Inc. is the worldwide leader in networking for the Internet. Cisco's hardware and software solutions are used to link computers and computer networks so people have easy access to information—regardless of differences in time, place, or type of computer system. Customers benefit from Cisco networking solutions through more efficient exchange of information, which in turn leads to cost savings, process efficiencies, and closer relationships with their customers, prospects, business partners, suppliers, and employees. Cisco solutions are the networking foundation for companies, universities, utilities, and government agencies worldwide.

Cisco's products encompass the broadest range of networking solutions available from any single supplier. These solutions include routers, LAN and WAN switches, dial and other access solutions, SNA-to-LAN integration solutions, Web site management tools, Internet appliances, and network management software. The thread that ties these products together is the Cisco IOS[®] software platform, which delivers Internet services and enables networked applications. Cisco's offerings also include industry-leading customer services for network design, implementation, maintenance, and support.

The Company was founded in late 1984 by a small group of computer scientists from Stanford University seeking an easier way to connect different types of computer systems. Cisco Systems shipped its first product in 1986. Since then, Cisco has grown into a multinational corporation with over 14,500 employees in more than 200 offices in 55 countries.