

Cisco Reports Fourth Quarter and Fiscal Year 2009 Earnings

San Jose, Calif. (US), Brussels (B), August 5, 2009

Cisco, the worldwide leader in networking that transforms how people connect, communicate and collaborate, today reported its fourth quarter and fiscal year results for the period ended July 25, 2009. Cisco reported fourth quarter net sales of \$8.5 billion, net income on a generally accepted accounting principles (GAAP) basis of \$1.1 billion or \$0.19 per share, and non-GAAP net income of \$1.8 billion or \$0.31 per share.

"Cisco delivered very solid quarterly and annual results in a challenging economic environment, as we continued our focus on disciplined execution and our customers' success," said John Chambers, chairman and chief executive officer, Cisco. "We are confident in our strategic position in both existing and thirty adjacent markets. We saw a number of positive signs this quarter in the economy and in our business, especially comparing our sequential quarter-over-quarter order trends. If we continue to see these positive order trends for the next one to two quarters, we believe there is a good chance we will look back and see that the tipping point occurred in our business in Q4."

Chambers continued, "Cisco's goal is transformational: to become a next-generation company and continue to enhance our market position by executing on our growth opportunities. We see the network truly becoming the platform for innovation and new business models which are enabled by collaboration technologies."

Cisco discussed fourth quarter and fiscal year 2009 results and business outlook on a conference call and webcast at 1:30 p.m. Pacific Time yesterday. Call information and related charts are available at <http://www.cisco.com/go/investors>.

Other Financial Highlights

- Cash flows from operations were \$2.0 billion for the fourth quarter of fiscal 2009, compared with \$3.5 billion for the fourth quarter of fiscal 2008, and compared with \$2.0 billion for the third quarter of fiscal 2009. Cash flows from operations were \$9.9 billion for fiscal 2009, compared with \$12.1 billion for fiscal 2008.
- Cash and cash equivalents and investments were \$35.0 billion at the end of fiscal 2009, compared with \$26.2 billion at the end of fiscal 2008, and compared with \$33.6 billion at the end of the third quarter of fiscal 2009.
- Deferred revenue was \$9.4 billion at the end of fiscal 2009, compared with \$8.9 billion at the end of fiscal 2008, and compared with \$8.8 billion at the end of the third quarter of fiscal 2009.
- During the fourth quarter of fiscal 2009, Cisco repurchased 42 million shares of common stock at an average price of \$19.02 per share for an aggregate purchase price of \$800 million. During fiscal 2009, Cisco repurchased 202 million shares of common stock at an average price of \$17.89 per share for an aggregate purchase price of \$3.6 billion. As of July 25, 2009, Cisco had repurchased and retired 2.8 billion shares of Cisco common stock at an average price of \$20.41 per share for an aggregate purchase price of approximately \$57.2 billion since the inception of the stock repurchase program. The remaining authorized repurchase amount as of July 25, 2009 was \$4.8 billion with no termination date.
- Days sales outstanding in accounts receivable (DSO) at the end of the fourth quarter of fiscal 2009 were 34 days, compared with 34 days at the end of the fourth quarter of fiscal 2008, and compared with 27 days at the end of the third quarter of fiscal 2009.
- Inventory turns on a GAAP basis were 11.7 in the fourth quarter of fiscal 2009, compared with 11.9 in the fourth quarter of fiscal 2008, and compared with 11.0 in the third quarter of fiscal 2009. Non-GAAP inventory turns were 11.3 in the fourth quarter of fiscal 2009, compared with 11.6 in the fourth quarter of fiscal 2008, and compared with 10.7 in the third quarter of fiscal 2009.

"Today's results validate that our business strategy and disciplined expense management enabled continued profitability in a tough worldwide economic environment," said Frank Calderoni, chief financial officer, Cisco. "Our strategy and execution in operational excellence, our strong financial position as evidenced by \$35 billion in cash and investments, and our continued focus on innovation are delivering results."

Select Q4 Global Business Highlights

- Cisco launched its Smart+Connected Communities initiative, the first business initiative incubated from the Globalisation Centre East in Bangalore, India, which provides a network-enabled blueprint for successful smart cities of the future that run on networked information.
- Cisco introduced a new 'Cultivated Innovation Model' to accelerate local innovation in China, and announced the opening of a green technology research and development lab with Tsinghua University.

Acquisitions

- Cisco completed its acquisition of Pure Digital Technologies, Inc., the creator of the Flip Video™ brand and a pioneer in developing consumer-friendly video solutions with mass-market appeal.
- Cisco completed its acquisition of Tidal Software, Inc., a developer of intelligent application management and automation solutions.

Cisco Innovation

- Cisco® Collaboration in Motion brings together the power of collaboration with the performance of the Cisco Unified Wireless Network to extend collaborative experiences to the mobile workspace.
- Cisco introduced new programs and products, including the Cisco Unified IP Phone 6900 Series and Cisco Unified Videoconferencing 7.0, designed to enable its channel partners to participate in the \$34 billion collaboration market.
- AT&T, BT and Tata Communications, together with Cisco, demonstrated the technical ability for a Cisco TelePresence® user to call others on any carrier network with high levels of security and reliability.
- Cisco announced the expansion of the Cisco Unified Computing System® family to include the new C-Series of Rack-Mount Servers designed to help accelerate the adoption of unified computing and data center virtualization solutions.
- Cisco unveiled a set of security solutions, including embedded RSA Data Loss Prevention technology, designed to prevent loss of data across corporate networks while users are in motion.
- Cisco announced Smart Connected Buildings as its newest emerging technology, providing the intelligence to interconnect and enable building systems over the IP network.

Select Customer Announcements

- Cisco announced that the National Football League's Dallas Cowboys and Major League Baseball's Toronto Blue Jays have each deployed the Cisco Connected Sports solution.
- Starwood Hotels and Tata Communications announced an agreement to roll out Cisco TelePresence rooms in selected Starwood hotels in major cities around the world. Marriott International and AT&T also announced plans to roll out Cisco TelePresence suites in 25 major cities.
- UnitedHealth Group and Cisco launched the Connected Care program, a national telehealth network initiative to expand health care access with remote video technology.
- In Australia, University of Queensland is working with Cisco to create a collaborative academic experience with one of the world's largest 802.11n wireless networks across 49 sites located throughout Queensland.
- SEACOM and Cisco unveiled a new undersea fibre optic network designed to deliver unprecedented capacity and connectivity to Africa by linking south and east Africa to global networks via India and Europe.
- Cisco and IBM teamed to help Dutch utility Nuon and the City of Amsterdam focus on smarter use of energy by enabling consumers to make more informed decisions about their

energy consumption.

- Cisco and JSC Kazakhtelecom extended their cooperation to accelerate Kazakhstan's national broadband development to help bridge the gap between urban and rural areas.

Editor's Note:

- Q4 and FY 2009 conference call to discuss Cisco's results along with its business outlook was held at 1:30 p.m. Pacific Time, Wednesday, August 5, 2009. Conference call replay will be available from 4:30 p.m. Pacific Time, August 5, 2009 to 4:30 p.m. Pacific Time, August 12, 2009 at 866-357-4205 (United States) or 203-369-0122 (international). The replay also will be available via webcast from August 5, 2009 through October 16, 2009 on the Cisco Investor Relations website at <http://www.cisco.com/go/investors>.

- Additional information regarding Cisco's financials, as well as a webcast of the conference call with visuals designed to guide participants through the call, will be available at 1:30 p.m. Pacific Time, August 5, 2009. Text of the conference call's prepared remarks will be available within 24 hours of completion of the call. The webcast will include both the prepared remarks and the question-and-answer session. This information, along with GAAP reconciliation information, will be available on the Cisco Investor Relations website at <http://www.cisco.com/go/investors>.

- A Q&A with Cisco's Chairman and CEO John Chambers and CFO Frank Calderoni about Q4 and FY 2009 results will be available at <http://newsroom.cisco.com>.

- A video of CFO Frank Calderoni discussing the quarter can be viewed at <http://blogs.cisco.com>

For the complete press release, please visit

http://newsroom.cisco.com/dlls/2009/fin_080509.html?POSITION=LINK&COUNTRY_SITE=us&CAMPAIGN=NewsAtCiscoLatestNewsfromCDCHP&CREATIVE=LINK2&REFERRING_SITE=CISCO.COMHOMEPAGE

About Cisco - NASDAQ: CSCO)

Cisco is the worldwide leader in networking that transforms how people connect, communicate and collaborate. Information about Cisco can be found <http://www.cisco.be>, <http://www.cisco.lu> and <http://cisco.com>. For ongoing news, visit <http://newsroom.cisco.com>.

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