



Cisco Expo
2008

Working Capital & The Power of Cash



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Working Capital = Liquidity

Assets

- Accounts Receivable
- Inventory
- Cash

Liabilities

- Accounts Payable
- short term debt (<12 mths)

**NET WORKING
CAPITAL**

Or

***ability to cover short
term liabilities***

Which priority is CASH in your company?

Headlines

85% of respondents put cash as one of their top three priorities

Only **14%** say their cash forecasts are accurate

74% have had flat or deteriorating working capital over the last three years

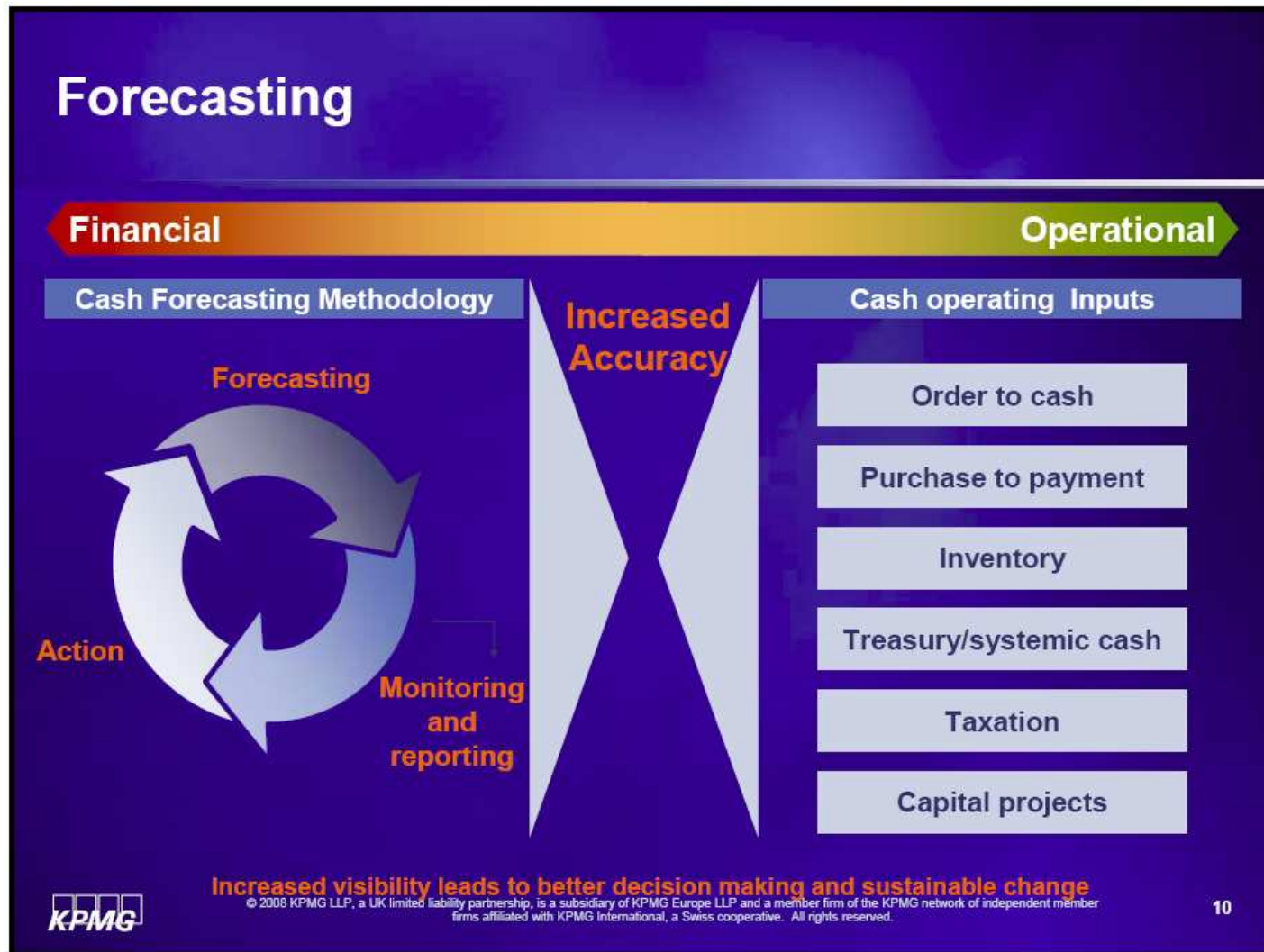
68% of companies anticipate their working capital will not improve over the next three years



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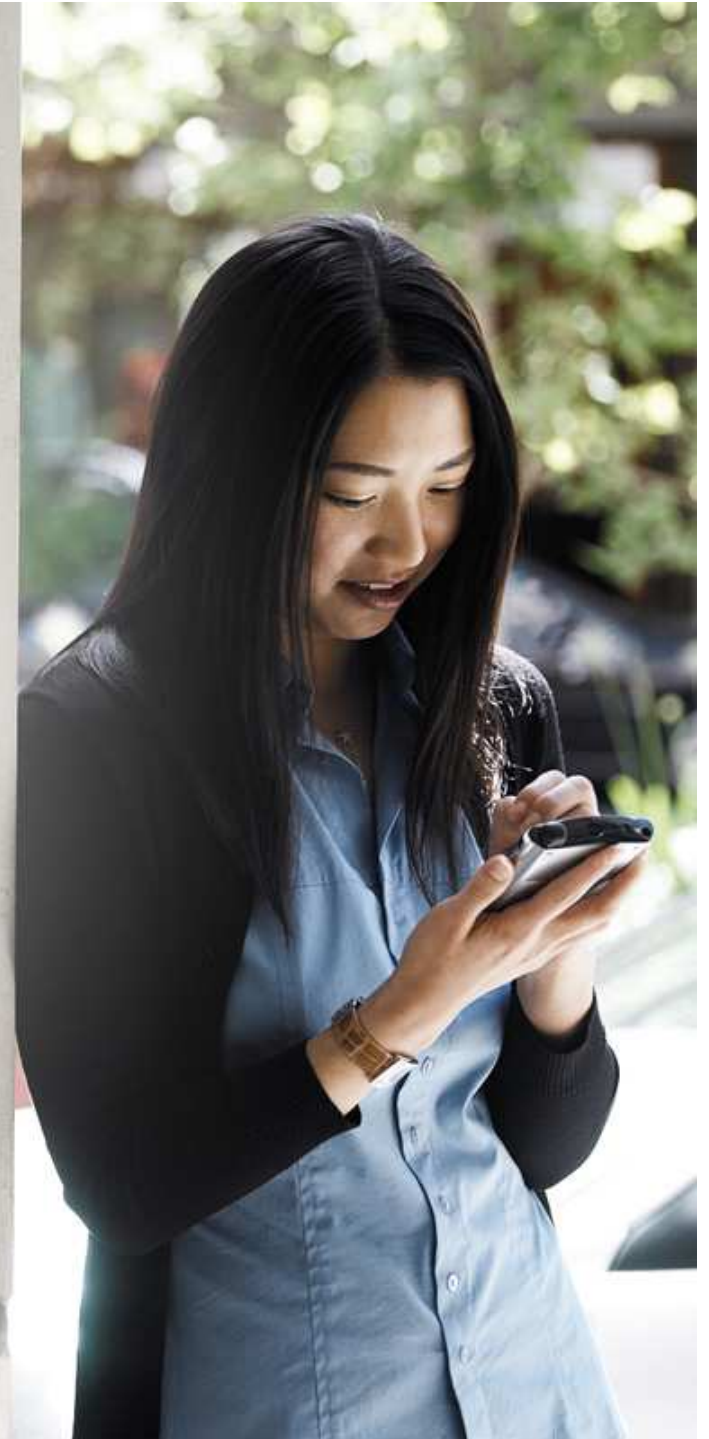
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What is impacting my working capital?





**Where are today's
challenges?**





PRESENT

Tight financing facilities

USD Evaluation

Weak working capital?

**Customer waiting on
CAPEX/OPEX decisions**

Lack of trust, risk advers

FUTURE

Approach to Economic Slowdowns

4 Basic Guidelines

- First, is it the macro environment or your strategy?
- Second, length and depth of downturn?
- Third, prepare for the upturn
- Fourth, expand customer relationships

Source: Q1FY09 Analyst call

Approach to Economic Slowdowns

6 Point Plan

- Vision/Strategy/Execution Model
- Collaboration/Web 2.0 driving future growth and productivity
- Resource management and realignment
- Aggressive in strategy...prioritize and execute
- Invest in U.S. and select emerging countries
- Power of the Network as the Platform...driving the future of communications/IT

Source: Q1FY09 Analyst call

PRESENT

Collaboration

Web 2.0

Profit

**Cost
Savings**

**Revenue
growth**

**Secure Cash
& Financing**

Competitive Advantage

Technology

**Security / Data Center / Video /
Unified Communication**

**OPEX / CAPEX
decisions**

FUTURE



Cisco Capital

- Continues to **provide financing to our customers and channel partners**
- In FY'08, Cisco Capital originated or facilitated approx \$4.3B in lease and longer-term loan arrangement
- **Consistent methodology and prudent financing practices**
- We believe our portfolio has, on average, at or around investment grade profile
- We **remain comfortable** with the credit profile and the way we deploy our capital
- Our accounting policies **remain conservative** in how we account for our Cisco Capital financing business
- A combined balance sheet and contingent liability position of approx. \$4.4B. We have a net reserve and deferred revenue position of \$2.5B which represents over 50% of the financing portfolio position
- Cisco Capital on-book lease and loan portfolio remains an excellent use of our own cash

