

COMPANY PROFILE

Cisco Systems, Inc. is the worldwide leader in networking for the Internet. Today, networks are an essential part of business, education, government, and home communications. Cisco hardware, software, and service offerings are used to create the Internet solutions that make these networks possible, giving individuals, companies, and countries easy access to information anywhere, at any time. In addition, Cisco has pioneered the use of the Internet in its own business practice and offers consulting services based on its experience to help other organizations around the world.

Cisco was founded in 1984 by a small group of computer scientists from Stanford University. This year, the company celebrates 20 years of commitment to technology innovation, industry leadership, and corporate social responsibility. Since the company's inception, Cisco engineers have led in the innovation of Internet Protocol (IP)-based networking technologies. This tradition of IP innovation continues with the development of industry-leading products in the

core technologies of routing and switching, along with Advanced Technologies in areas such as home networking, IP telephony, optical networking, security, storage area networking, and wireless technology. In addition to its products, Cisco provides a broad range of service offerings, including technical support and advanced services. Cisco sells its products and services, both directly through its own sales force as well as through its channel partners, to large enterprises, commercial businesses, service providers, and consumers.

As a company, Cisco operates on core values of customer focus and corporate social responsibility. We express these values through global involvement in educational, community, and philanthropic efforts.

We invite you to learn more about Cisco at www.cisco.com.



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Corporate Headquarters
San Jose, California, USA

European Headquarters
Amsterdam, Netherlands

Americas Headquarters
San Jose, California, USA

Asia Pacific Headquarters
Singapore

Cisco has offices in the following countries. Addresses, phone numbers, and fax numbers are listed at www.cisco.com/go/offices.

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This Annual Report contains forward-looking statements regarding future events and our future results that are subject to the safe harbors created under the Securities Act of 1933 and the Securities Exchange Act of 1934. These statements are based on current expectations, estimates, forecasts, and projections about the industries in which we operate and the beliefs and assumptions of our management. Words such as "expects," "anticipates," "targets," "goals," "projects," "intends," "plans," "believes," "seeks," "estimates," "continues," "may," variations of such words, and similar expressions are intended to identify such forward-looking statements. In addition, statements that refer to projections of our future financial performance, our anticipated growth and trends in our businesses or key markets, including growth in the service provider market, and future growth and revenues from Advanced Technologies, improvements in the capital spending environment, benefits of taking business risks, future financial conditions, increases in productivity and standard of living, and other characterizations of future events or circumstances, are forward-looking statements. Readers are cautioned that these forward-looking statements are only predictions, are subject to risks, uncertainties, and assumptions that are difficult to predict, and may differ materially and adversely from actual future events or results due to a variety of factors, including: business and economic conditions and growth trends in the networking industry and in various geographic regions; global economic conditions and uncertainties in the geopolitical environment; overall information technology spending; the growth of the Internet and levels of capital spending on Internet-based systems; variations in customer demand for products and services, including sales to the service provider market; the timing of orders and manufacturing lead times; changes in customer order patterns or customer mix; insufficient, excess or obsolete inventory; variability of component costs; variations in sales channels, product costs or mix of products sold; the ability to successfully acquire businesses and technologies and to successfully integrate and operate these acquired businesses and technologies; increased competition in the networking industry; dependence on the introduction and market acceptance of new product offerings and standards; rapid technological and market change; manufacturing and sourcing risks; product defects and returns; litigation involving patents, intellectual property, antitrust, shareholder and other matters; the ability to recruit and retain key personnel; our ability to manage financial risk; currency fluctuations and other international factors; potential volatility in operating results and other factors listed in our most recent reports on Form 10-K, 10-Q and 8-K. The financial information contained in this Annual Report should be read in conjunction with the consolidated financial statements and notes thereto that are included in this report. Our results of operations for the year ended July 31, 2004 are not necessarily indicative of our operating results for any future periods. We undertake no obligation to revise or update any forward-looking statements for any reason.

For fiscal 2004, pro forma net income excluded the following items: in-process research and development of \$3 million, payroll tax on stock option exercises of \$16 million, amortization of deferred stock-based compensation of \$244 million, amortization of purchased intangible assets of \$242 million, gains on publicly traded equity securities of (\$85) million, income tax effect of (\$51) million and cumulative effect of accounting change, net of tax, of \$567 million.

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