Q4 Fiscal Year 2011 Conference Call

10 Aug 2011

GAAP RECONCILIATION

During this presentation references to financial measures of Cisco will include references to non-GAAP financial measures. Cisco provides a reconciliation between GAAP and non-GAAP financial information on our website at www.cisco.com under “About Cisco” in the “Investor Relations” section.

http://investor.cisco.com/results.cfm

FORWARD-LOOKING STATEMENTS

This presentation contains projections and other forward-looking statements regarding future events or the future financial performance of Cisco, including future operating results. These projections and statements are only predictions. Actual events or results may differ materially from those in the projections or other forward-looking statements. Please see Cisco’s filings with the SEC, including its most recent filings on Form 10-K and Form 10-Q, for a discussion of important risk factors that could cause actual events or results to differ materially from those in the projections or other forward-looking statements.

- Business and Strategy Overview
- Operations Overview
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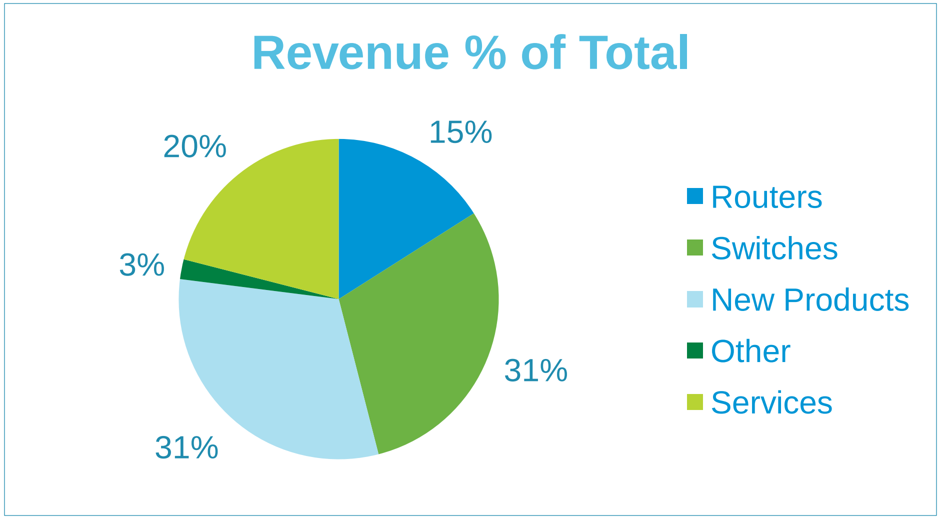
Q4 Key Takeaways

- We are a very strong company, with a very strong balance sheet, solid customer relationships and leading in many healthy markets.
- We've made solid progress on our comprehensive action plan to position ourselves for our next stage of growth and profitability:
  - Simplifying and focusing our organization and operating model
  - Aligning our cost structure given transitions in the marketplace
  - Managing our portfolio and divesting, cutting back or exiting underperforming operations
  - Delivering value to shareholders
- Cisco is the leading intelligent network provider for our customers, and the network has clearly become one of the most important assets in IT.

Q4 FY'11 – Revenue Highlights

	$M	Y/Y Growth %
Routers	$1,733	(2%)
Switches	3,436	(4%)
New Products	3,457	7%
Other	295	31%
Services	2,274	12%
Total Cisco	$11,195	3%

	Y/Y Growth %
New Products:	
Video Connected Home	1%
SP Video	*9%*
Virtual Home	*(32%)*
Collaboration	11%
Security	(21%)
Wireless	33%
Data Center	32%



Certain immaterial reclassifications have been made to prior period product amounts.

Q4 FY'11 Product Orders: Geography & Customer Market

Geographic Segment	Y/Y Growth %
U.S. & Canada	9%
European Markets	9%
Emerging Markets	12%
Asia Pacific Markets	19%
Total Cisco	11%

Customer Market	Y/Y Growth %
Enterprise (excluding Public Sector)	15%
Public Sector	(4%)
Service Provider	19%
Commercial	16%
Consumer	(41%)
Total Cisco	11%

Product Book to Bill	Comfortably Above 1

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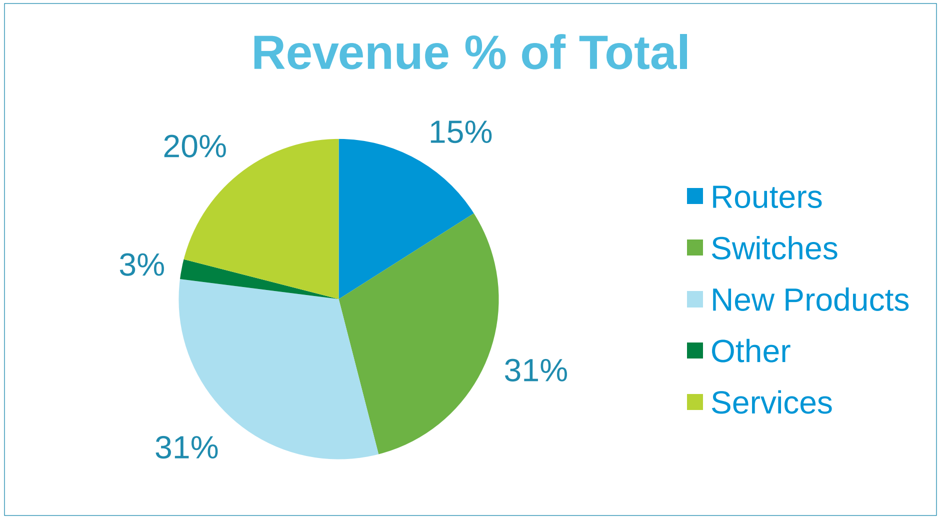

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Q4 FY'11 Geographic Revenue and Gross Margin

$M (except percentages)	Net Sales Q4 FY'10	Net Sales Q3 FY'11	Net Sales Q4 FY'11	Gross Margin Percentage Q4 FY'10	Gross Margin Percentage Q3 FY'11	Gross Margin Percentage Q4 FY'11
U.S. & Canada	$5,871	$5,785	$5,906	63.5%	63.7%	62.6%
European Markets	2,153	2,227	2,179	65.8%	65.2%	63.8%
Emerging Markets	1,260	1,271	1,292	65.1%	64.3%	60.4%
Asia Pacific Markets	1,552	1,583	1,818	63.1%	62.5%	63.1%
Segment Total	$10,836	$10,866	$11,195	64.1%	63.9%	62.7%

Q4 FY'11 Non-GAAP Income Statement Highlights

$M (except per-share amounts and percentages)	Q4 FY'10	Q3 FY'11	Q4 FY'11
Net Sales	$10,836	$10,866	$11,195
Year/Year Growth	*27%*	*5%*	*3%*
Product	8,808	8,669	8,921
Service	2,028	2,197	2,274
Gross Margin	64.1%	63.9%	62.7%
Product Gross Margin	63.6%	63.1%	61.2%
Service Gross Margin	65.9%	67.0%	68.6%
Operating Expenses	3,840	3,988	4,201
OPEX (% of Revenue)	35.4%	36.7%	37.5%
Operating Income (% of Revenue)	28.6%	27.2%	25.2%
Net Income	$2,507	$2,349	$2,195
Year/Year Growth	*36%*	*(5%)*	*(12%)*
EPS (diluted)	$0.43	$0.42	$0.40
Year/Year Growth	*39%*	*0%*	*(7%)*

Restructuring and other charges

$M	Q4 FY'11
July 2011 announcements:	
Voluntary early retirement program	$ 453
Employee severance ≈ 2,600 employees	214
Non-cash charge – planned sale of Juarez facility	61
	$ 728
Announced in Q3 FY'11:	
Consumer business	44
Total*	$ 772

* Recorded $768 million within GAAP operating expenses and $4 million within GAAP Cost of Sales

Q4 FY'11 GAAP to non-GAAP Reconciliation

$M (except percentages)	Q4 FY'11
GAAP Operating Income	$ 1,456
Share-based compensation expense	383
Amortization of acquisition-related intangible assets	197
Other acquisition-related costs	8
Significant asset impairments and restructurings	772
Total non-GAAP adjustments	$ 1,360
Non-GAAP Operating Income	$ 2,816
% of Revenue	25.2%

Q4 FY'11 GAAP to non-GAAP Reconciliation

	Q4 FY'11
GAAP EPS	$ 0.22
Share-based compensation expense	0.05
Amortization of acquisition-related intangible assets	0.02
Significant asset impairments and restructurings	0.11
Total non-GAAP adjustments	$ 0.18
Non-GAAP EPS	$ 0.40

Q4 FY'11 GAAP Income Statement Highlights

$M (except per-share amounts and percentages)	Q4 FY'10	Q3 FY'11	Q4 FY'11
Net Sales	$10,836	$10,866	$11,195
Product	8,808	8,669	8,921
Service	2,028	2,197	2,274
Gross Margin	62.7%	61.3%	61.3%
Product Gross Margin	62.4%	60.4%	59.9%
Service Gross Margin	63.8%	65.0%	66.8%
Operating Expenses	4,468	4,476	5,405
OPEX (% of Revenue)	41.2%	41.2%	48.3%
Operating Income (% of Revenue)	21.5%	20.1%	13.0%
Net Income	$1,935	$1,807	$1,232
EPS (diluted)	$0.33	$0.33	$0.22

FY'11 Non-GAAP Income Statement Highlights

$M (except per-share amounts and percentages)	FY'10	FY'11
Net Sales	$40,040	$43,218
Year/Year Growth	*11%*	*8%*
Product	32,420	34,526
Service	7,620	8,692
Gross Margin	65.2%	63.3%
Product Gross Margin	65.1%	62.4%
Service Gross Margin	65.7%	67.1%
Operating Expenses	14,411	16,030
OPEX (% of Revenue)	36.0%	37.1%
Operating Income (% of Revenue)	29.2%	26.2%
Net Income	$9,438	$9,033
Year/Year Growth	*19%*	*(4%)*
EPS (diluted)	$1.61	$1.62
Year/Year Growth	*19%*	*1%*

FY'11 GAAP Income Statement Highlights

$M (except per-share amounts and percentages)	FY'10	FY'11
Net Sales	$40,040	$43,218
Product	32,420	34,526
Service	7,620	8,692
Gross Margin	64.0%	61.4%
Product Gross Margin	64.2%	60.5%
Service Gross Margin	63.6%	65.1%
Operating Expenses	16,479	18,862
OPEX (% of Revenue)	41.2%	43.6%
Operating Income (% of Revenue)	22.9%	17.8%
Net Income	$7,767	$6,490
EPS (diluted)	$1.33	$1.17

Q4 FY’11 Key Financial Measures

	Q4 FY’10	Q3 FY’11	Q4 FY’11
Cash and Cash Equivalents and Investments ($M)	39,861	43,367	44,585
Operating Cash Flow ($M)	3,232	2,979	2,824
Accounts Receivables ($M)	4,929	4,413	4,698
Days Sales Outstanding	41	37	38
Inventory ($M)	1,327	1,442	1,486
Non-GAAP Inventory Turns	12.1	10.3	11.4
Purchase Commitments ($M)	4,319	4,257	4,313
Deferred Revenue ($M)	11,083	11,699	12,207
Headcount	70,714	73,408	71,825
Dividends paid ($M)	---	329	329

Share Repurchase Program*	Amount Purchased ($M)	Number of Shares (M)	Avg. Price Per Share
Q4 FY’11 Purchases	$1,500	95	$15.85

*Approximately $10.2B remaining authorized funds in repurchase program as of the end of Q4 FY’11.

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GAAP Reconciliation Guidance for Q1 FY'12

	Q1 FY'12
Share-based compensation expense	$0.05 - 0.06
Amortization of purchased intangible assets and other acquisition-related costs	0.02 - 0.03
Subtotal	0.07 - 0.09
Restructuring and other charges	0.03 - 0.05
Total impact to GAAP EPS	$0.10 - 0.14

Share-based compensation expense is expected to be recorded to the various line items of the GAAP income statement in similar proportions as Q4 FY'11.

Amortization of purchased intangible assets, other acquisition-related costs, and restructuring and other charges will be reported as GAAP operating expenses, cost of sales, or other income (loss) as applicable.

Guidance assumes no additional acquisitions, asset impairments, restructurings, tax or other events, which may or may not be significant.

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These presentation slides and the related conference call contain forward-looking statements, which are subject to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, among other things, statements regarding future events (such as statements regarding our future growth, strategy, operations, results, and restructuring and expense reduction plans) and the future financial performance of Cisco that involve risks and uncertainties. Readers are cautioned that these forward-looking statements are only predictions and may differ materially from actual future events or results due to a variety of factors, including: business and economic conditions and growth trends in the networking industry, our customer markets and various geographic regions; global economic conditions and uncertainties in the geopolitical environment; overall information technology spending; the growth and evolution 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 and other customer markets; the return on our investments in certain market adjacencies and geographical locations; the timing of orders and manufacturing and customer 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; our ability to successfully acquire businesses and technologies and to successfully integrate and operate these acquired businesses and technologies; increased competition in our product and service markets, including the data center; 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, and governmental investigations; natural catastrophic events; a pandemic or epidemic; our ability to achieve the benefits anticipated from our investments in sales and engineering activities; our ability to recruit and retain key personnel; our ability to manage financial risk, and to manage expenses during economic downturns; risks related to the global nature of our operations, including our operations in emerging markets, currency fluctuations and other international factors; changes in provision for income taxes, including changes in tax laws and regulations or adverse outcomes resulting from examinations of our income tax returns; potential volatility in operating results; and other factors listed in Cisco's most recent reports on Form 10-K and 10-Q. The financial information contained in these presentation slides and the related conference call should be read in conjunction with the consolidated financial statements and notes thereto included in Cisco's most recent report on Form 10-Q and report on Form 8-K filed on March 9, 2011, as each may be amended from time to time. Cisco's results of operations for the three and twelve months ended July 30, 2011 are not necessarily indicative of Cisco's operating results for any future periods. Any projections in these presentation slides and the related conference call are based on limited information currently available to Cisco, which is subject to change. Although any such projections and the factors influencing them will likely change, Cisco will not necessarily update the information, since Cisco will only provide guidance at certain points during the year. Such information speaks only as of the date of these presentation slides and the related conference call.

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