

# 2017 Annual Report



# About Cisco

Cisco designs and sells a broad range of technologies that have been powering the Internet since 1984. Across networking, security, collaboration, and the cloud, our evolving intent-based technologies are constantly learning and adapting to provide customers with a highly secure, intelligent platform for their digital business.

Discover more at [thenetwork.cisco.com](https://thenetwork.cisco.com).

# Our values

Our values reflect our aspirations, what we believe, and how we want to behave:

- Change the world
- Win together
- Make innovation happen
- Focus intensely on customers
- Respect and care for each other
- Always do the right thing

## Why Cisco?



# Fiscal 2017 summary report

- 2 Letter to shareholders
- 4 Financial highlights for fiscal 2017
- 6 Our strategy
- 9 Governance and responsibility
- 16 Investor Relations

## Forward-looking statements

This report 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. See Cisco's filings with the Securities and Exchange Commission (SEC), including its most recent filings on Forms 10-K and 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.

## Online report

To see our interactive online report, visit our [Annual Reports](#) webpage. We welcome any [feedback](#) you might have.

For more detailed information, please refer to our Annual Report on Form 10-K, our Proxy Statement for our 2017 Annual Meeting of Shareholders, and our 2017 Corporate Social Responsibility (CSR) Report.



# Letter to shareholders

## To our shareholders,

Fiscal 2017 was a momentous year for Cisco, marked by our most significant product launch in a decade. We believe that our new networking capabilities not only have ushered in a new era of networking, but also represent the beginning of a cycle of innovation that we will see in the years ahead as we extend intent-based technology across our entire portfolio. This launch also stands as a key milestone in our commitment to transform our business and provide our customers with the technology they want, in the way they want to consume it.

When I became CEO in 2015, I identified three main priorities for Cisco: to accelerate the pace of our innovation, increase the value of the network, and deliver the right consumption models for our customers. Over the past two years, we have been working hard toward fulfilling these goals, and we have made great progress over the course of the past year.

### Delivering what our customers need

As billions of things connect to the Internet and as massive amounts of data continue to be distributed ever more widely, our customers are facing challenges around complexity and security. As customers evaluate how to manage these challenges, they are turning to Cisco to help them reduce their operating expenses and become more agile and, most importantly, more secure.

Our commitment to solving our customers' challenges is rooted in our vision to deliver the highly secure, intelligent platform for digital business. To do that, we are focused on reinventing networking, enabling a multicloud world, unlocking the power of data, enriching the employee and customer experience, and deploying security everywhere. In all of these things, the network is the common denominator.

### Security is foundational to all that we do

Every customer knows that nothing is more important than security; it is a requirement of digitization. Cisco's assets, architectural approach, and integrated threat defense—from the network to the endpoint to the cloud—provide what we believe to be the true end-to-end security approach that our customers want and need. Essential to all of that is the network, which has the ability to see a threat in one place and enforce remediation everywhere.

One of the key features of our new intuitive network is Encrypted Traffic Analytics (ETA). This breakthrough innovation can detect malware in encrypted traffic without decrypting it, solving the conundrum of enhancing cybersecurity without eroding data protection and privacy. Our aim is to help our customers minimize the time to threat detection and couple that with a minimized time to response.



### Fundamentally reinventing networking

Building on our solid foundation of more than 30 years of networking expertise, our innovation strategy, and the trust of our customers, we have begun to fundamentally rethink how the network is built and used. In June 2017 we launched a new intent-based networking platform: "The Network. Intuitive." Built on the Cisco Digital Network Architecture (Cisco DNA), this platform is the culmination of years of research and development that included redesigning our operating system, building high-performance custom silicon, and harnessing the context within the network and the threat intelligence that we glean from blocking 20 billion threats every day. This new network is designed to constantly learn, adapt, automate, and protect, optimizing network operations and defending against today's evolving cyberthreat landscape.

Looking ahead, we intend to further accelerate our leadership in intent-based networking by combining our expertise in network infrastructure and the enhanced capabilities in application visibility and automation that we have gained through our analytics innovation as well as our acquisitions of AppDynamics and Viptela.

### Enabling a multicloud world

Today, our customers are operating in a multicloud environment, navigating between private, public, and hybrid clouds; multiple software-as-a-service (SaaS) applications; and vendors building capabilities around new connections. This approach is complex and difficult to manage, particularly because customers want greater visibility and control over their ability to deploy policy and move workloads with a high level of security.

Our strategy is to deliver solutions to simplify how customers work in a multicloud world to maximize business benefits. To do this, we are delivering infrastructure and cloud-based SaaS offerings and expanding our analytics solutions into the public cloud. Our intent-based networking approach will be critical to this process as well.

We are also working closely with the major web-scale players, combining our expertise in the enterprise space with their technology and solutions to provide greater value to our customers.

### Unlocking the power of data

With data proliferating at an unprecedented rate, it is becoming essential for companies to process that data at the time and place created. Cisco offers a thorough set of analytics capabilities that allow our customers to unlock the power of data and gain insights throughout their infrastructure.

The combination of our Network Data Platform, which provides insights from the enterprise network; Cisco Tetration Analytics, which provides real-time data center analytics; AppDynamics, which allows companies to tie application visibility to business outcomes; Cisco Kinetic, a first-of-its-kind Internet of Things (IoT) operations platform launched this year; and Talos, our cyberthreat intelligence arm, forms what we believe to be the most comprehensive set of data analytics capabilities of any technology provider.

### Enriching the employee and customer experience

Every customer is trying to enhance the employee experience, boost productivity, and enable teams to work more effectively together. Our Cisco WebEx, Cisco TelePresence, and Cisco Spark collaboration tools allow for closer connections between teams to drive innovation, research, and strategies across geographies. We are focused on helping our customers add value for their stakeholders by leveraging the power of collaboration technology. Our cloud-native application, Cisco Spark, not only connects people to other people, but also connects “things” to people, enabling machine-to-person communication.

### Evolving our business model

As we build the highly secure, intelligent platform for digital business, we must continue to deliver customer value through simplicity, flexibility, and innovation. This requirement is essential to drive the uptake of SaaS and subscriptions, through which our customers are increasingly looking to purchase and consume our technology. Cisco DNA Center, the centralized management dashboard for our new intuitive network, and ETA are available only as subscriptions on our new Cisco Catalyst 9000 Series Switches, helping us to deliver a subscription offering for our core networking infrastructure platforms.

Our objectives are to continue to move to cloud-managed solutions across our entire networking portfolio and evolve to a more predictable business model over time.

### Reaching important milestones through the transition

In fiscal 2017, we delivered solid profitability and strong operating cash flows despite a slight decline in revenue as we evolve our business model. Revenue for the year was \$48.0 billion, with product revenue of \$35.7 billion and service revenue of \$12.3 billion.

For fiscal 2017, 43% of our revenue came from software and services, and 30% of our revenue was from recurring offers.

Deferred product revenue related to software and subscriptions grew by 50% in fiscal 2017 to \$5.0 billion, doubling in the past 2 years. In the fourth quarter, for the first time, over \$1 billion, or 11%, of our product revenue came from recurring offers. We believe that as we expand Cisco DNA Center further into our core infrastructure platforms, even more of our revenue will be recurring.

We also remain disciplined and focused on continuing to drive operational efficiencies and productivity. In fiscal 2017, this once again resulted in strong margins. Net income was \$9.6 billion, while earnings per share on a fully diluted basis reached \$1.90.

Our balance sheet remains strong, and we generated a record \$13.9 billion in operating cash flow in fiscal 2017. We intend to continue to leverage our strong cash flow to make organic and inorganic investments, focusing on augmenting our core innovation and generating strong returns.

We announced eight acquisitions in fiscal 2017, with a focus on software, collaboration, and security. We are focused on scaling all our acquisitions through our channel and accelerating the delivery of synergies.

We returned \$9.2 billion of cash to shareholders in fiscal 2017, composed of \$3.7 billion in share buybacks and \$5.5 billion in dividends. We remain firmly committed to returning a minimum of 50% of our free cash flow to shareholders annually.

### Focusing on the long term

As we look to fiscal 2018 and beyond, we remain deeply focused on continuing to innovate across our entire portfolio, executing efficiently to drive sustainable shareholder value, and using our business and technology acumen to make a positive impact on the world.

We are excited to build on our momentum from this past year and to pursue the opportunities that lie ahead as we continue to evolve with the aim of providing the highly secure, intelligent platform for digital business.

Thank you for your continued support.



**Charles H. Robbins**  
Chief Executive Officer

October 23, 2017

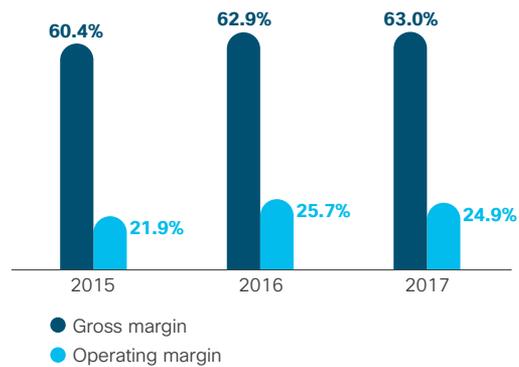
# Financial highlights for fiscal 2017

Strong execution driving solid profitability and cash flow during business model transition

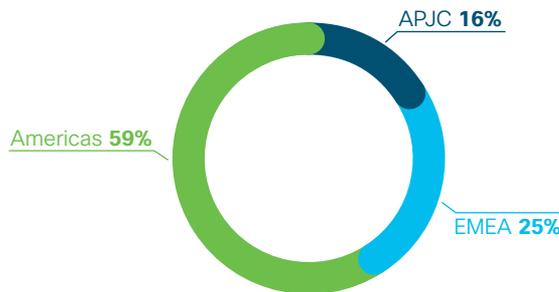
Revenue trend (\$B)



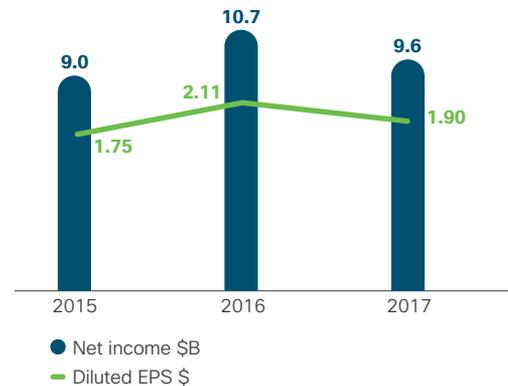
Margins (%)



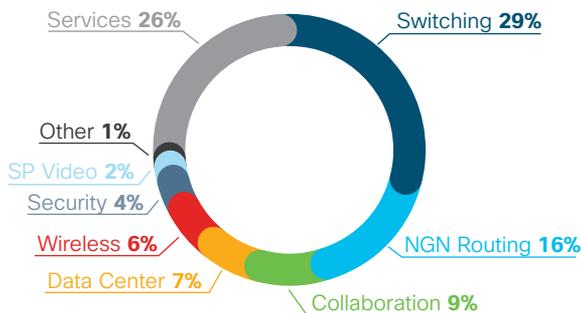
Revenue by geographical segment



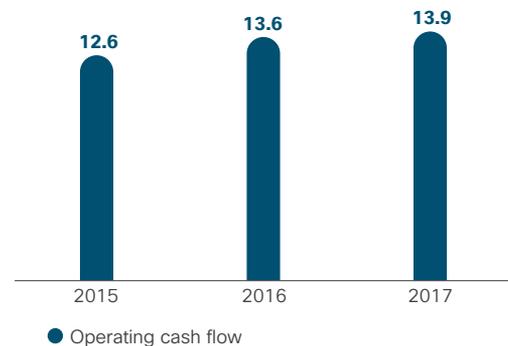
Net income (\$B) and diluted EPS (\$)



Revenue by product category and services

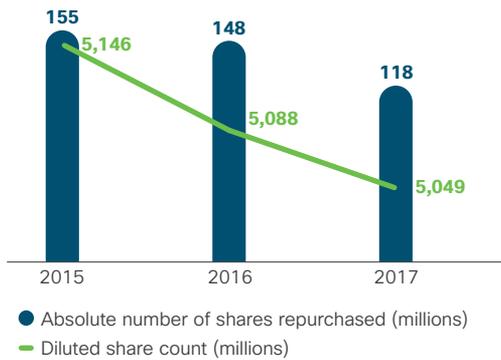


Cash flow (\$B)



## Delivering shareholder value

Share repurchases and diluted share count (millions)

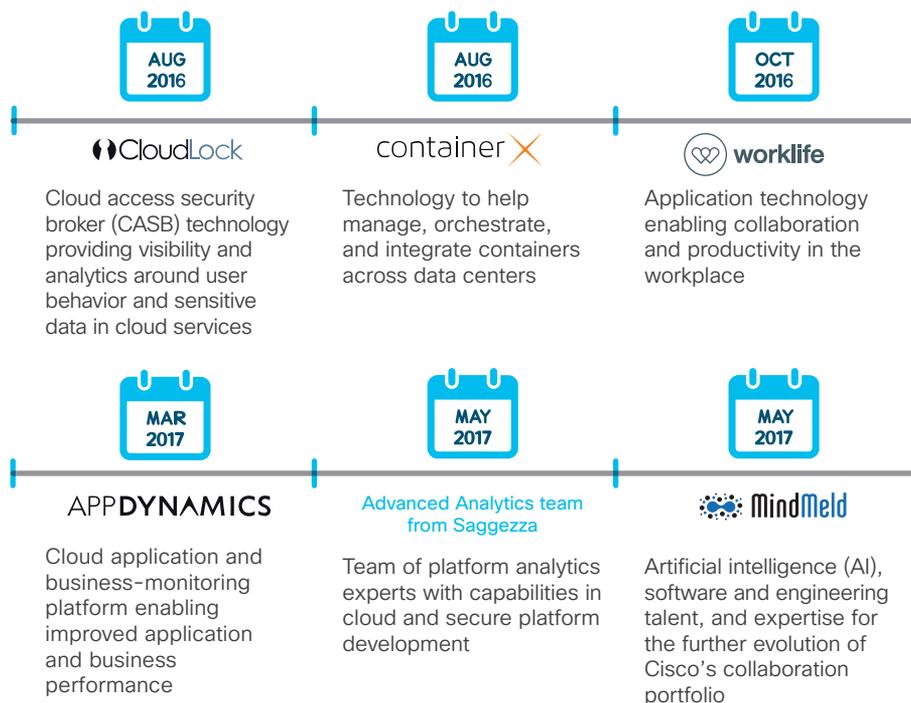


Dividends paid per share (\$)



## Managing our portfolio and strategic investment

Acquisitions closed in fiscal 2017



# Our strategy

As our customers add billions of new connections to their enterprises, we believe the network is becoming more critical than ever. We believe that our customers are looking for intelligent networks that provide meaningful business value through automation, security, and analytics.

Our vision is to deliver a highly secure, intelligent platform for digital business. Our strategic priorities include accelerating our pace of innovation, increasing the value of the network, and delivering technology the way our customers want to consume it.



## Accelerating our pace of innovation

- We are building, buying, partnering, investing, and co-developing in the belief that the next innovative idea can come from anywhere.
- We are applying the latest technologies such as machine learning and advanced analytics to operate and define the network, exemplified by our development of intent-based networking and the launch of our new intuitive network, which we believe to be the only network designed for security while maintaining privacy.
- We are furthering our innovation with respect to the move toward more programmable, flexible, and virtual networks, or software-defined networking (SDN).



## Increasing the value of the network

- We are enabling customers to aggregate, automate, and draw actionable insights from highly distributed data, unlocking its power.
- We are deploying security everywhere, across the entire attack continuum—before, during, and after a cyberattack—helping our customers minimize the time to threat detection and couple that with a minimized time to response.
- We are delivering solutions designed to simplify, secure, and transform how customers work in a multicloud environment to maximize business benefits.



## Delivering technology the way customers want to consume it

- We are selling products and services that are integrated into architectures and solutions for both customer premises and the cloud.
- We are selling more software and subscription-based offerings designed to provide our customers with flexibility and continuous value.
- We are adding more software features across our core networking platforms, helping to shift our business model to more recurring revenue streams.

## The Network. Intuitive. Accelerating innovation in the core with intent-based networking

- The Network. Intuitive. It is Cisco's new, wholly integrated networking platform.
- It is designed to be powered by intent, highly secure, informed by context, and able to learn, transforming the data flowing across it into new insights for our customers.
- It is designed to be able to deal with the demands of cloud, mobile, big data, analytics, and the IoT in a simplified, efficient way, helping to solve business problems and enable digital transformation.
- It is constantly learning, adapting, and protecting.

### Key solutions

#### 1 Digital Network Architecture (Cisco DNA) Center

Cisco DNA is an intuitive, centralized management dashboard providing information technology (IT) teams with an intent-based approach to network design, provisioning, policy, and assurance.

#### 2 Software-Defined Access (SD-Access)

SD-Access is designed to provide automated policy enforcement and network segmentation over a single network fabric to dramatically simplify network access for users, devices, and things.

#### 3 Network Data Platform and Assurance

This powerful new analytics platform is designed to efficiently categorize and correlate the vast amount of data running on the network and uses machine learning to turn it into predictive analytics, business intelligence, and actionable insights.

#### 4 Cisco Catalyst 9000 switching portfolio

This new family of switches with differentiated hardware (ASIC) and software (Cisco IOS XE) layers is designed for the realities of the digital era and the demands of mobility, cloud, IoT, and security.

#### 5 Encrypted Traffic Analytics (ETA)

Using machine learning to analyze traffic patterns, ETA is designed to identify and mitigate threats even in encrypted traffic, without decrypting it or affecting data privacy.

#### 6 Software subscription

Customers can only purchase the new Cisco Catalyst 9000 family of switches with a software subscription, providing customers access to ongoing innovation and future investment protection.

#### 7 Cisco DNA Services

Customers can now transform their entire network or integrate new security and automation capabilities into their existing network. Cisco offers a comprehensive lifecycle of advisory, implementation, optimization, and technical services to help them.

### Five benefits



#### Substantial operational cost savings

occur due to single policy-based automation of IT tasks across the entire network.



#### Business agility

lets tasks that used to take weeks to complete now take minutes.



#### More effective security

makes the network an extended data source for threat visibility and can accelerate threat mitigation.



#### IoT scale

lets the network automatically connect and secure any IoT device through device profiles, at massive scale.



#### Better cloud applications experience

helps the network automatically adapt to new traffic patterns and optimize the delivery of cloud applications.

This closed loop of defining intent, collecting context, learning, and then implementing new intent based on those insights is what we refer to as **intent-based networking**.

We believe the combination of our intent-based, highly secure infrastructure with Cisco DNA Center's single point of policy definition, context collection, and learning will become the new approach to building enterprise networks.

# Cisco's executive leadership team

Cisco's Executive Leadership Team brings a diverse set of experiences and expertise to identify and deliver strategic priorities, accelerate our innovation, enhance our execution, simplify how we do business, drive operational rigor, and inspire our employees to be the best that they can be. <https://newsroom.cisco.com/exec-bios>



**Chuck Robbins**  
Chief Executive Officer



**Kevin Bandy**  
Senior Vice President, Chief Digital Officer



**Ruba Borno**  
Vice President, Growth Initiatives and Chief of Staff to CEO



**Mark Chandler**  
Senior Vice President, Legal Services, General Counsel, and Chief Compliance Officer



**Joe Cozzolino**  
Senior Vice President, Services



**Chris Dedicoat**  
Executive Vice President, Worldwide Sales and Field Operations



**David Goeckeler**  
Executive Vice President and General Manager, Networking and Security Business



**Rebecca Jacoby**  
Senior Vice President and Chief of Operations



**Francine Katsoudas**  
Senior Vice President and Chief People Officer



**Kelly A. Kramer**  
Executive Vice President and Chief Financial Officer



**Hilton Romanski**  
Senior Vice President and Chief Strategy Officer

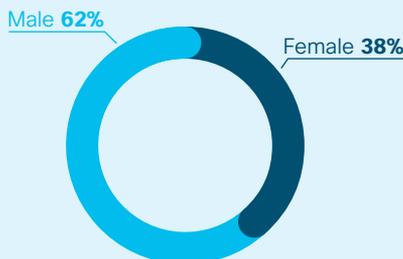


**Rowan Trollope**  
Senior Vice President and General Manager, IoT and Applications



**Karen Walker**  
Senior Vice President and Chief Marketing Officer

## Executive leadership team diversity



## Leadership@Cisco

Learn more about Cisco's leadership team through our online video series at <https://newsroom.cisco.com/ciscoleadership>.

# Governance and responsibility

## Shareholder engagement

At Cisco, we recognize the importance of regular and transparent communication with our shareholders. Each year, we engage with a significant portion of shareholders that includes our top institutional investors.

In fiscal 2017, we engaged with investors representing approximately 35% of our outstanding shares. We engaged with these shareholders on a variety of topics, including our corporate governance and risk management practices, board refreshment, sustainability initiatives, executive compensation program, and other matters of shareholder interest.

## Policies and practices

We have adopted the following policies and practices consistent with our commitment to transparency and best-in-class practices, as well as to ensure compliance with the rules and regulations of the SEC, the listing requirements of NASDAQ, and applicable corporate governance requirements.



Annual election of all directors  
(since IPO)



Robust lead independent director role



Shareholder right to call a special meeting  
(since IPO)



No poison pill



Shareholder right to act by written consent  
(since IPO)



Stock ownership guidelines for directors  
and executive officers



Majority voting  
(since 2007)



Shareholders may recommend a director  
candidate to the board



Recoupment policy  
(since 2008)



Shareholder proxy access

# Engaged, effective leadership

## The Cisco Board of Directors

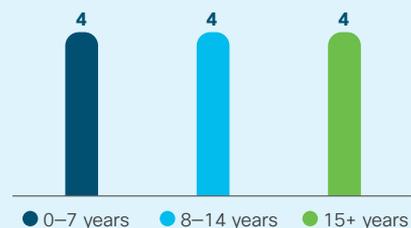
 <p><b>John T. Chambers</b> <b>Executive Chairman*</b> Former CEO of Cisco</p> <p><b>Director Since:</b> 1993 <b>Skills and Experience:</b> Mr. Chambers led Cisco for more than 20 years. During his tenure as Chief Executive Officer, Cisco's annual revenue grew from \$2.0 billion in fiscal 1995 to \$49.2 billion in fiscal 2015. Mr. Chambers brings to the Board of Directors his thorough knowledge of Cisco's business, strategy, technology, people, customers, operations, competition, and financial position. Mr. Chambers provides recognized executive leadership and vision. In addition, he brings with him a global network of customer, industry, and government relationships.</p> <p>*Retiring from the Board in December 2017 and effective at such time will be given the honorary title of Chairman Emeritus.</p> <p><b>AQ</b></p>	 <p><b>Carol A. Bartz</b> <b>Lead Independent Director</b> Former CEO of Yahoo! Inc.</p> <p><b>Director Since:</b> 1996 <b>Skills and Experience:</b> Ms. Bartz brings to the Board of Directors leadership experience, including service as the chief executive of two public technology companies. These roles have required technology industry expertise combined with marketing, operational, and global management expertise. Ms. Bartz also has experience as a public company outside director.</p> <p><b>C N</b></p>	 <p><b>M. Michele Burns</b> <b>Independent Director</b> Former Chairman and CEO of Mercer LLC</p> <p><b>Director Since:</b> 2003 <b>Skills and Experience:</b> Ms. Burns provides to the Board of Directors expertise in corporate finance, accounting, and strategy, including experience gained as the chief financial officer of three public companies. Through her experience gained as chief executive officer of Mercer, she brings expertise in global and operational management, including a background in organizational leadership and human resources. Ms. Burns also has experience serving as a public company outside director.</p> <p><b>AU C F</b></p>
 <p><b>Michael D. Capellas</b> <b>Independent Director</b> Founder and CEO, Capellas Strategic Partners</p> <p><b>Director Since:</b> 2006 <b>Skills and Experience:</b> Mr. Capellas brings to the Board of Directors experience in executive roles and a background of leading global organizations in the technology industry. Through this experience, he has developed expertise in several valued areas, including strategic product development, business development, sales, marketing, and finance.</p> <p><b>AQ F</b></p>	 <p><b>Amy L. Chang</b> <b>Independent Director</b> Founder and CEO, Accompany, Inc.</p> <p><b>Director Since:</b> 2016 <b>Skills and Experience:</b> Ms. Chang brings to the Board of Directors an engineering background as well as leadership experience, including service as the chief executive and founder of a private technology company and a former global division leader for a publicly traded technology company. Through this experience, she has developed expertise in several valued areas, including go-to-market strategy and product management. Ms. Chang also has experience as a public company outside director.</p>	 <p><b>Dr. John L. Hennessy</b> <b>Independent Director</b> Director of the Knight-Hennessy Scholars Program and former President, Stanford University</p> <p><b>Director Since:</b> 2002 <b>Skills and Experience:</b> Dr. Hennessy brings to the Board of Directors an engineering background as well as skill in the development of information technology businesses. In addition, he has leadership and management experience, both in an academic context at Stanford University and in a corporate context as a board member of public and private technology companies.</p> <p><b>N AQ</b></p>

### Board snapshot

#### Board governance structure



#### Balanced director tenure (number of board members)





**Dr. Kristina M. Johnson**

**Independent Director**  
Chancellor, State University of New York

N AQ

**Director Since:** 2012

**Skills and Experience:** Dr. Johnson brings to the Board of Directors an engineering background as well as expertise in science, technology, business, education, and government. In addition, she has leadership and management experience, both in an academic context as provost and dean of nationally recognized academic institutions and in a corporate context as a board member of public technology companies.



**Roderick C. McGeary**

**Independent Director**  
Former Vice Chairman of KPMG, LLP

AU C

**Director Since:** 2003

**Skills and Experience:** Mr. McGeary brings to the Board of Directors a combination of executive experience in management and technology consulting. He also has expertise in leading talented teams and skills in finance, accounting, and auditing with technology industry experience.



**Charles H. Robbins**

**Director\***  
CEO, Cisco

**Director Since:** 2015

**Skills and Experience:** Mr. Robbins brings to the Board of Directors extensive industry, company, and operational experience acquired from leading Cisco's global sales and partner teams. He has a thorough knowledge of Cisco's segments, technology areas, geographies, and competition. He has a proven track record of driving results and has played a key role in leading and executing many of Cisco's investments and strategy shifts to meet its growth initiatives.

\*The Board has appointed Chuck Robbins as Chairman effective upon Mr. Robbins' re-election to the Board of Directors.



**Arun Sarin**

**Independent Director**  
Former CEO of Vodafone Group Plc

AU AQ

**Director Since:** 2009

**Skills and Experience:** Mr. Sarin provides to the Board of Directors a telecommunications industry and technology background, as well as leadership skills, including through his global chief executive experience at Vodafone Group Plc. He also provides an international perspective as well as expertise in general management, finance, marketing, and operations. Mr. Sarin also has experience as a director, including service as an outside board member of companies in the information technology, banking, financial services, and retail industries.



**Brenton L. Saunders**

**Independent Director**  
Chairman, CEO, and President of Allergan Plc

**Director Since:** 2017

**Skills and Experience:** Mr. Saunders brings to the Board of Directors his extensive leadership experience, including as chief executive officer of two global healthcare companies in addition to financial, strategic, and operational experience. He is a natural innovator and leader with a deep understanding of business transformation.



**Steven M. West**

**Independent Director**  
Founder and Partner, Emerging Company Partners LLC

AU F

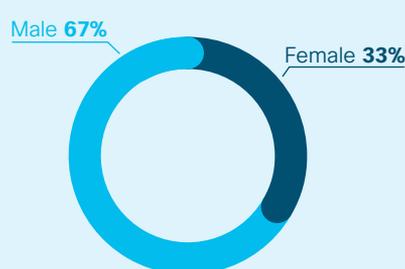
**Director Since:** 1996

**Skills and Experience:** Mr. West's experience in the information technology industry includes a variety of leadership and strategic positions, which have provided him with accumulated expertise in operational management, strategy, and finance and experience as an outside board member and audit committee member. Mr. West is a member of the National Association of Corporate Directors and a frequent speaker on audit-related issues. In addition, Mr. West has knowledge of Cisco acquired through more than 20 years of service on the Board of Directors.

**Board attributes/skill set**  
(number of board members)



**Board diversity**



**Key to committees**

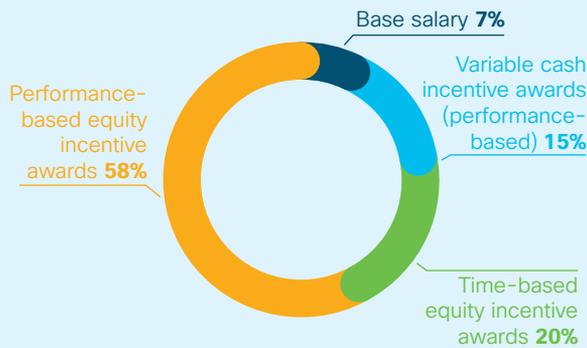
- AU Audit Committee
- C Compensation Committee
- N Nominating and Governance Committee
- AQ Acquisition Committee
- F Finance Committee
- Committee chair

# Executive compensation highlights

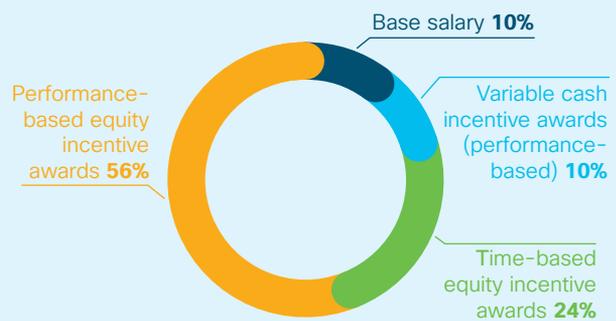
Our pay practices align with our pay for performance philosophy and underscore our commitment to sound compensation and governance practices.

The following charts summarize the major elements of target total direct compensation for our CEO and our other named executive officers (NEOs<sup>1</sup>) as a group for fiscal 2017 and demonstrate our continued pay for performance philosophy.

## CEO



## NEOs other than CEO



<sup>1</sup> As defined in our Proxy Statement for our 2017 Annual Meeting of Shareholders.

Cisco's executive officers are compensated in a manner consistent with shareholder interests and sound governance principles.

### Our executive compensation program rewards performance

- ✓ Compensation philosophy designed to attract and retain, motivate performance, and reward achievement
- ✓ Performance measures aligned with shareholder interests
- ✓ Majority of annual total direct compensation is performance-based
- ✓ No dividends on unvested awards
- ✓ Stock ownership guidelines

### We apply leading executive compensation practices

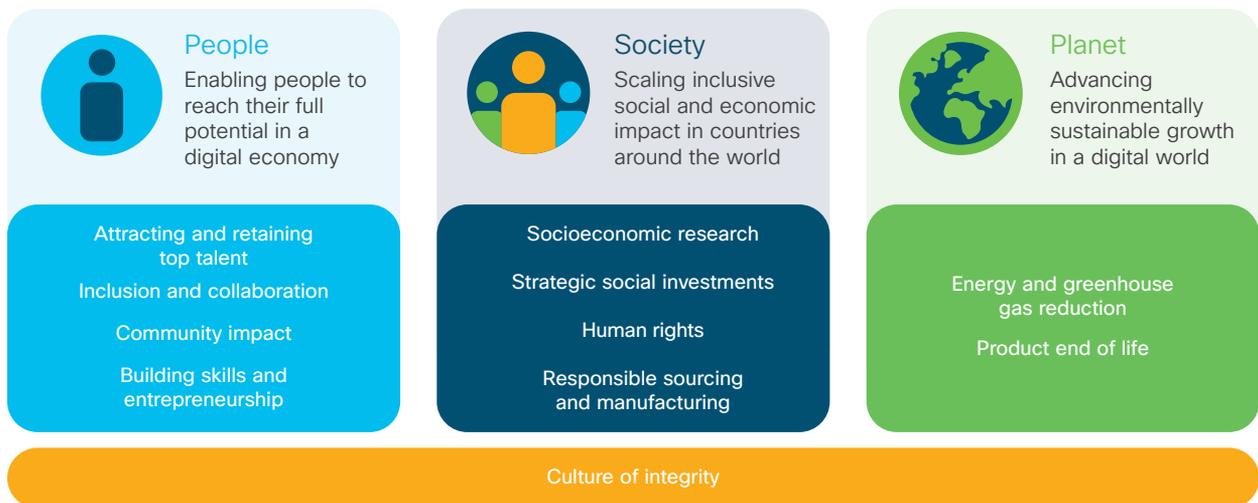
- ✓ Independent compensation committee
- ✓ Independent compensation consultant
- ✓ Comprehensive annual compensation program risk assessment
- ✓ Caps on incentive compensation
- ✓ No employment, severance, or change in control agreements
- ✓ Stock ownership guidelines
- ✓ Recoupment policy
- ✓ No single-trigger vesting of equity award grants
- ✓ No stock option repricing or cash-out of underwater equity awards
- ✓ "No perks" policy with limited exceptions
- ✓ No supplemental executive retirement plan (SERP) or executive pension plan
- ✓ No golden parachute tax gross-ups
- ✓ Broad anti-pledging and hedging policies

# Corporate social responsibility

## Cisco connects

Cisco pioneered the technology that connects everything and has now created a new intuitive network that is designed to constantly learn, adapt, and protect. Through our technology, the passion and expertise of our people, and our network of partners, we are making connections to help accelerate global problem solving and advance positive social and environmental impact.

We are taking action across our three focus areas of people, society, and planet that are aligned with Cisco's business strategy and where we believe we can make the greatest impact.



## Key initiatives and progress toward goals

### Goals

**80%**

Achieve 80% employee engagement by 2020

**2 million**

Reach two million Cisco Networking Academy students per year by 2021

### People

Employee support of nonprofit and educational organizations catalyzes our CSR programs. During fiscal 2017, employee engagement increased by approximately 7 percentage points compared to fiscal 2016, with 44% of employees volunteering or making donations.

The Cisco Networking Academy is celebrating 20 years of investing in young innovators, entrepreneurs, and social change agents. In fiscal 2017, 1.3 million students in 180 countries participated in the Academy. We continue to focus on diversity and inclusion, with females representing 24% of our student population in fiscal 2017.

Inclusion is the bridge that connects diverse perspectives, challenges the status quo, and unlocks the full potential of our people. In this age of digital transformation, we believe inclusion, diversity, and collaboration make us more innovative,

## Goal

**1 billion**

Positively impact one billion people by 2025

## Goals

**60%**

Reduce total Cisco Scope 1 and 2 GHG emissions worldwide by 60% absolute by 2022 (FY07 baseline)

**85%**

Use electricity generated from renewable sources for at least 85% of our global electricity by 2022

more agile, and ultimately more successful. Our executive leadership team is one of the most diverse in our industry, and we have driven broad improvements in overall representation that have resulted in the most diverse Cisco ever. In the past year, we have delivered innovative new solutions to some of our most business-critical challenges and opportunities, such as expanding our commitment to pay parity, accelerating diverse talent, and taking a stand for social justice throughout our communities.

## Society

Cisco strives to accelerate global problem solving by creating exponential opportunity for social and business impact. We are enabling social enterprises and nonprofits to accelerate early stage, technology-based solutions addressing education, economic empowerment, and critical human needs. In fiscal 2017, Cisco and Cisco Foundation cash and in-kind contributions totaled \$355 million. Our nonprofit partners report that our cash grant investments positively impacted more than 154 million people in fiscal 2017.

Our Supply Chain organization focuses on ensuring high standards for working conditions and environmental sustainability in the manufacturing of our products, pioneering principles of circular economy, responsibly sourcing raw materials, and reducing greenhouse gas (GHG) emissions in our supply chain. In fiscal 2017, digitization was a key driver in our IoT energy reduction initiatives with our partners, in expanding facility-level coverage of our Supplier Code of Conduct audit program, and in Cisco's first human rights impact assessment.

## Planet

In fiscal 2017, confident of meeting our latest 5-year GHG goal to reduce worldwide Scope 1 and 2 GHG emissions by 40% in absolute terms (fiscal 2007 baseline), we announced new 5-year goals in line with recommendations of the Intergovernmental Panel on Climate Change. By the end of fiscal 2017, we had invested more than \$50 million in 450 energy efficiency and renewable energy projects in order to meet this goal.

Cisco intends to invest a further \$45 million over the next five years to meet our new goals. We plan to implement approximately 300 energy efficiency and on-site renewable energy projects across Cisco's real-estate portfolio and increase renewable energy procurement through utility green power programs, power purchase agreements, and renewable energy certificates.

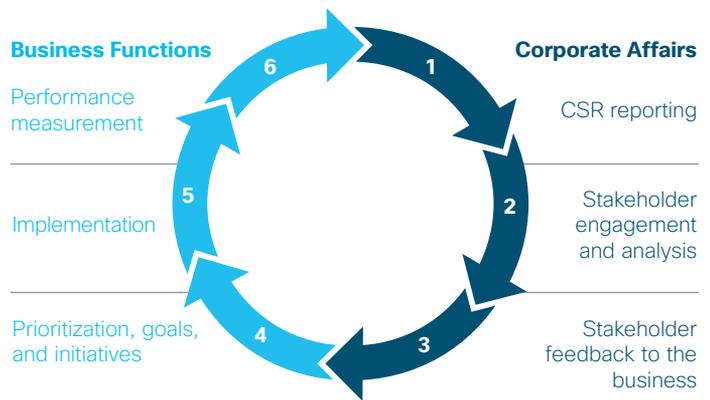
# CSR framework and governance

CSR is integrated into Cisco's business strategy and functions. It is foundational to our culture and a core value by which we do business.

Our Corporate Affairs function leads Cisco's social investment programs and champions companywide commitment to CSR performance and transparency. The team assesses and monitors CSR priorities, establishes corporate CSR strategy, drives process for CSR management, and provides guidance and coordination across business functions.

Management of CSR topics is led by business functions, which set CSR goals, implement plans, and measure and report performance. Where issues require a cross-functional approach, teams with executive leadership are established to implement our commitments. An example of this is Cisco's internal Human Rights Working Group sponsored by Mark Chandler, Senior Vice President, Legal Services, General Counsel, and Chief Compliance Officer.

## Cisco CSR business process



Cisco aligns its CSR reporting with the Global Reporting Initiative (GRI) standards. <https://www.globalreporting.org/standards>



FY17 represents our 13th year reporting to CDP (formerly Carbon Disclosure Project) and our 7th appearance on the CDP's Performance Leadership Index/Climate A List.



Cisco has been a constituent of FTSE4Good Global Benchmark Index (4GGL) for the past 5 years.



Cisco has been a member of the North American Index for the past 10 years and the World Index for 9 of the last 10 years.

CSR priorities are assessed during our annual CSR Materiality Assessment process. Inputs to the process include CSR inquiries from customers and investors, employee surveys, industry benchmarking, and listening to key technology and CSR leaders and influencers. CSR priorities are provided to Cisco's Global Risk and Controls group and inform Cisco's Corporate Risk Register.

For more information about our performance, see our CSR website at [csr.cisco.com](http://csr.cisco.com). Our full fiscal 2017 CSR report will be published in December 2017.

# Investor Relations

## Information for investors

If you would like to learn more about Cisco, our Investor Relations website is a great place to start. There you will find the latest information about our earnings and stock performance as well as presentations and webcasts.

[investor.cisco.com](http://investor.cisco.com)

## Investor contact

To contact Investor Relations:

### Investor Relations Department

Cisco Systems, Inc.  
170 West Tasman Drive  
San Jose, CA  
95134-1706 USA

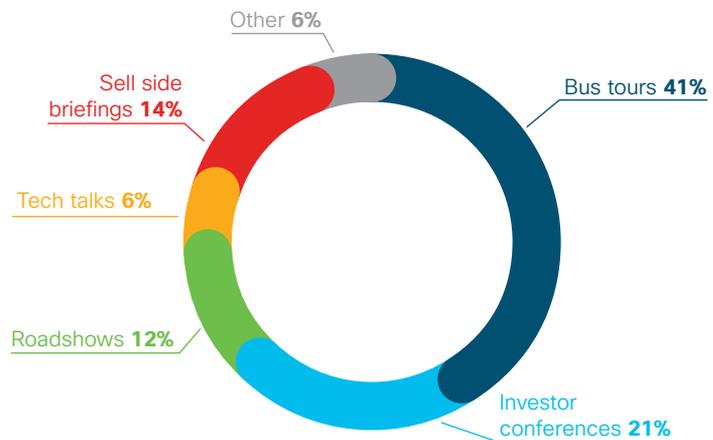
Phone:

1 408 227 CSCO (2726)

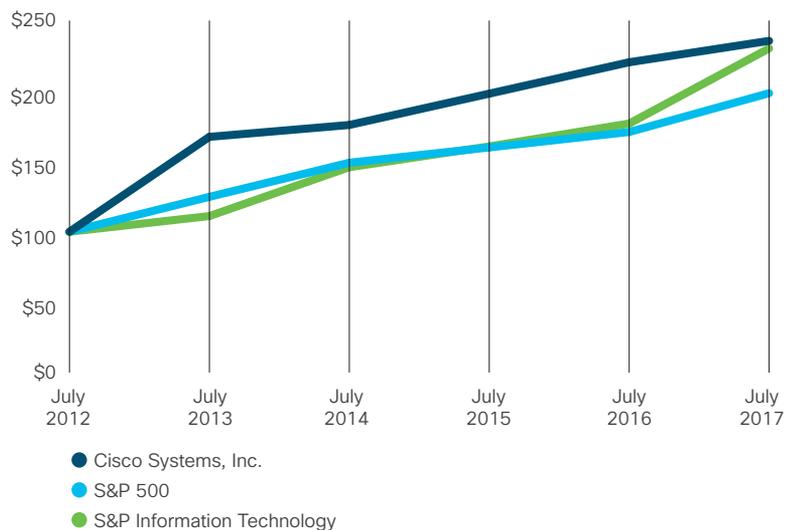
For webcasts and additional information, view our [events calendar](#).



## Our fiscal 2017 investor engagement by number of events



## Comparison of 5-year cumulative total return



The above graph shows a five-year comparison of the cumulative total shareholder return on Cisco common stock with the cumulative total returns of the S&P 500 Index and the S&P Information Technology Index. The graph tracks the performance of a \$100 investment in Cisco's common stock and in each of the indexes (with the reinvestment of all dividends) on the date specified. Shareholder returns over the indicated period are based on historical data and should not be considered indicative of future shareholder returns.

# Shareholder information

## Executive Officers

**Charles H. Robbins**  
Chief Executive Officer

**John T. Chambers**  
Executive Chairman  
(retiring from the Board in  
December 2017)

**Mark Chandler**  
Senior Vice President, Legal  
Services, General Counsel, and  
Chief Compliance Officer

**Chris Dedicoat**  
Executive Vice President  
Worldwide Sales and Field Operations

**David Goeckeler**  
Executive Vice President  
and General Manager  
Security and Networking Business

**Rebecca Jacoby**  
Senior Vice President and  
Chief of Operations

**Kelly A. Kramer**  
Executive Vice President and  
Chief Financial Officer

**Karen Walker**  
Senior Vice President and  
Chief Marketing Officer

## Principal Accounting Officer

**Prat S. Bhatt**  
Senior Vice President, Corporate  
Controller and Chief Accounting Officer

## Resources

### Investor Relations

For more information about Cisco, to  
view the Annual Report online, or to  
obtain other financial information without  
charge, contact:

Investor Relations  
Cisco Systems, Inc.  
170 West Tasman Drive  
San Jose, CA 95134-1706  
1 408 227 CSCO (2726)  
<http://investor.cisco.com>

Cisco's stock trades on the NASDAQ  
Global Select Market under the ticker  
symbol CSCO.

## Transfer Agent and Registrar

Computershare Investor Services  
P.O. Box 43078  
Providence, RI 02940-3078  
Website:  
[www-us.computershare.com/investor](http://www-us.computershare.com/investor)  
Toll-free: 1 800 254 5194  
International: 1 781 575 2879

## Independent Registered Public Accounting Firm

PricewaterhouseCoopers LLP  
San Jose, California

## Notice of Annual Meeting

Cisco Systems, Inc.  
Building 9  
260 East Tasman Drive  
San Jose, CA 95134  
Monday, December 11, 2017  
10 a.m. Pacific Time

# Forward-looking statements

This Annual Report contains forward-looking statements regarding future events and our future results that are subject to the safe harbor provisions created under the Securities Act of 1933 and the Securities Exchange Act of 1934, each as amended. These statements are based on current expectations, estimates, forecasts, projections, and the beliefs and assumptions of our management. Words such as "expects," "anticipates," "targets," "goals," "projects," "intends," "plans," "believes," "momentum," "seeks," "estimates," "continues," "endeavors," "strives," "may," variations of such words, and similar expressions are intended to identify such forward-looking statements. In addition, any statements that refer to our anticipated growth, trends in our business, and other characterizations of future events or circumstances are forward-looking statements. 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 priorities, key growth areas, and in certain geographical locations, as well as maintaining leadership in routing, switching, and services; 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; our ability to achieve expected benefits of our partnerships; increased competition in our product and service markets, including the data center market; 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; our ability to achieve the benefits of the announced restructuring and possible changes in the size and timing of the related charges; man-made problems such as cyberattacks, data protection breaches, computer viruses, or terrorism; natural catastrophic events; a pandemic or epidemic; our ability to achieve the benefits anticipated from our investments in sales, engineering, service, marketing, and manufacturing 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 report on Form 10-K contained in this Annual Report. Our results of operations for the year ended July 29, 2017 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.



© 2017 Cisco and/or its affiliates. All rights reserved. Cisco and the Cisco logo are trademarks or registered trademarks of Cisco and/or its affiliates in the U.S. and other countries. To view a list of Cisco trademarks, go to this URL: [www.cisco.com/go/trademarks](http://www.cisco.com/go/trademarks). Third-party trademarks mentioned in this document are the property of their respective owners. The use of the word partner does not imply a partnership relationship between Cisco and any other company. This document is Cisco public information.

## WORLDWIDE OFFICES

**Americas Headquarters**  
San Jose, California, USA

**Asia Pacific Headquarters**  
Singapore

**Europe Headquarters**  
Amsterdam, Netherlands

Cisco has more than 400 offices worldwide. Addresses and phone numbers are listed on the Cisco website at [www.cisco.com/go/offices](http://www.cisco.com/go/offices).

The papers utilized in the production of this Annual Report are all certified for Forest Stewardship Council® (FSC®) standards, which promote environmentally appropriate, socially beneficial, and economically viable management of the world's forests. This Annual Report was printed in the USA in a facility that uses exclusively vegetable-based inks and 100% renewable wind energy and releases zero VOCs into the environment.

