



About This Report

This printed document contains highlights of the *2007 Corporate Citizenship Report*. To read the full report, visit www.cisco.com/go/citizenship. The 2007 report describes Cisco® efforts in corporate social responsibility (CSR) governance and practices, and our commitment to our employees, the environment, and society. It reflects our thinking and progress to date on the issues that affect the sustainability and health of our business and the communities in which we operate, and it describes the tangible benefits of our CSR activities to our business, shareholders, employees, and the broader world.

This report complements the Cisco annual shareholder report and is primarily aimed at helping investment analysts evaluate the overall health and management of our business. It covers key social and environmental performance information for fiscal year 2007 (FY07) for Cisco. In general, our IronPort, Linksys, Scientific Atlanta, and WebEx subsidiaries are not included in the corporatwide statistics. We have, however, included these subsidiaries in instances where they highlight technology and social investment innovations. All currency references are represented in U.S. dollars unless otherwise indicated.

We prepared this report using the current Global Reporting Initiative guidelines; the UN Global Compact; and feedback from our employees, shareholders, customers, partners, and the community of nongovernmental organizations (NGOs). We believe that this information is a faithful representation of our business operations, presented in the context of our social, economic, and environmental responsibility to our employees, shareholders, customers, partners, and the communities in which we operate. For questions regarding this report or its contents, please contact citizenship@cisco.com.

Good corporate citizenship makes good business sense. Cisco's success as a company is closely tied to the expectations of our global stakeholders and the strength of the social, economic, and environmental systems upon which we all depend. As networking technology empowers people and organizations worldwide, we have discovered many opportunities for sparking transformation and supporting positive change. Cisco is committed to realizing full value from these opportunities.



Corporate Social Responsibility

CISCO'S GLOBAL RESOURCES

What happens when network intelligence and human ingenuity combine to create a new kind of global natural resource?

We believe corporate social responsibility is a business imperative. We also believe conscientious business practices contribute to shareholder value by helping to sustain markets, communities, and ecosystems.



Cisco's total corporatewide cash and in-kind contributions in FY07 totaled \$116.8 million.



A diverse workforce strengthens the company by creating a rich mix of skills, perspectives, and cultural approaches. Globally, 22.8 percent of Cisco's employees are women, and in the United States, 43 percent are ethnic minorities.



In FY07 we established the Cisco EcoBoard to drive environmental initiatives across the entire company.



In support of the Clinton Global initiative, Cisco launched the Connected Urban Development program to help mitigate global warming by integrating advanced network technologies into city infrastructures. Planned investment: \$15 million over five years.



Normalized by sales revenue, Cisco's FY07 energy consumption and greenhouse gas emissions fell by 10 percent and 24 percent, respectively.



Cisco TelePresence, a cutting-edge multimedia meeting technology, could be the industry's next "killer application." We believe TelePresence is poised to revolutionize business collaboration while reducing the greenhouse gas emissions that result from business travel.



Cisco Networking Academy® courses transform lives and communities by teaching practical networking skills that lead to employment and economic growth. The Networking Academy is active in more than 160 countries, including 53 least-developed countries. In the last 10 years more than 2 million students have participated.

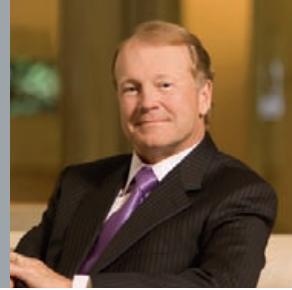


During FY07, 7446 Cisco employees donated approximately 130,000 hours of their time to volunteer projects.



According to our most recent Pulse snapshot survey (Q2 FY07), 86 percent of Cisco employees rated our work environment "very favorable," up five percent from Q2 FY05.

A Letter from John Chambers



More than a decade ago, the network was positioned to become the platform to enable transactions—entering orders on line, conducting Internet-based searches, and e-mail. Today, we believe we are about to enter the next major phase of the Internet's impact on business and life experiences, and it will be driven by collaboration and Web 2.0 technologies. We believe this next phase will have a dramatic impact on productivity, innovation, the way we communicate, and the way we live.

Technology, when combined with process change, has the ability to influence all aspects of our business and personal lives, including our contribution to the global economy. Cisco's long-standing commitment to corporate social responsibility extends from transforming global education to building healthier, more productive communities through to our Green initiative and the commitments we have made to corporate sustainability.

In this third annual Corporate Citizenship Report, we provide details on our progress in addressing corporate social responsibility, the risks and opportunities that affect the sustainability of our business, and our contributions to the global community.

Companies in today's global economy are not only accountable for the quality of their products and the profitability of their businesses, they also have an obligation to fulfill social and environmental commitments to their employees, customers, partners, and shareholders as well as to the communities in which they operate. Cisco's commitments are built on our ability to help facilitate collaboration and provide citizens, communities, countries, and businesses with access to information and opportunities that improve the way people work, live, play, and learn. In this way, we can increase the power of the human network.

Since Cisco's inception, we have had a culture and philosophy of corporate social responsibility and community involvement. It is embedded in our DNA and driven through our vision, strategic planning, and execution. The results of Cisco's efforts are reflected in the prestigious awards we have received over the years for our exemplary global business practice.

Cisco is committed to environmental responsibility in our business operations, products, and network architecture design. This past year, we established an EcoBoard to set an environmental strategy and oversee companywide environmental programs. We believe that through the power of the network, people are empowered to work, live, play, and learn in an environmentally sustainable way. This can be accomplished through reduction in transportation-related emissions using collaborative technologies such as Cisco TelePresence and Cisco Unified Communications, and also through improvements in workspace utilization and reductions in energy consumption. Our own collaborative technologies have the ability to reduce our carbon footprint by decreasing employee travel, and we can in turn show our customers, partners, and suppliers how to do the same.

Working with our social development partners, we continue to apply networking technology and expertise to expand educational opportunities in communities around the world, creating jobs, strengthening economies, and raising standards of living. These social benefits open new opportunities for us all.

I invite you to review and comment on our efforts. This report provides updates on our progress on the United Nations Global Compact, Global Reporting Initiative (GRI), and Key Performance Indicators (KPIs). I'm proud of the successes we have achieved to date, and I'm looking forward to the future and how together we can improve our global community.

John T. Chambers
Chairman and CEO

A Letter from Tae Yoo



Cisco believes that building a strong portfolio of social investments is much like building a strong network infrastructure: as you multiply connections and productive interactions, you also multiply the benefits. Just as networks link people to each other and to shared resources, our corporate citizenship initiatives link the company's business strategy to our stakeholders' socioeconomic and environmental concerns.

Cisco's Corporate Social Responsibility programs and partnerships make it possible for us to give back to the global community in many significant ways, at various levels of involvement. We are pleased to report that by leveraging our human, technical, financial, and business resources, we and our partners have made a real difference in our targeted areas of educational transformation, socioeconomic progress, and environmental stewardship.

This year marks the tenth anniversary of the Cisco Networking Academy, a pioneering e-learning program that now operates in more than 160 countries and has touched more than 2 million students—an ever-growing percentage of them women in many regions. Students acquire technical skills that enable them to participate in an economy increasingly driven by technological initiatives, which in turn helps energize local economies and bring underserved communities across the digital divide. The Networking Academy program is but one aspect of a comprehensive strategy that aims to achieve educational transformation by reinforcing and expanding our educational initiatives on a broad front.

The right partnerships are critical to the success of our Corporate Social Responsibility programs. Ranging from nongovernmental organizations and nonprofits to public schools and consultants, our partners help us identify specific needs, apply appropriate technologies and practices, and convert good intentions into tangible results.

With the help of our partners, we are: creating an innovative global model for learning that turns schools into community hubs (the 21st Century Schools Initiative); bringing low-cost communication to farmers in rural India to give them access to agricultural support (the LifeLines India project); helping the Lebanese people rebuild their economy and recover from war (Partnership for Lebanon); providing access to network-based educational resources and technology to approximately 30,000 students in 15 African countries (New Partnership for Africa's Development); and moving forward with many other initiatives.

In all these endeavors our goal is to empower individuals and communities by giving them the means and the knowledge to bring about positive and lasting change within the context of their own cultures. Whether the effects are direct and dramatic, or residual and subtle, we work to ensure that we have achieved the measurable results that demonstrate we are on the right track. And judging by the initiatives described in this report, it is clear that we are.

Tae Yoo
Senior Vice President of Corporate Affairs

OUR SOCIAL RESPONSIBILITIES

To what degree is a company responsible for the broader impact of its people, products, operations, and technologies?

To what extent can a company be expected to monitor, manage, or control the use of its products or services by customers or end users?



As a company that seeks to be a responsible citizen of the world and of the communities in which we operate, Cisco grapples with these and many other difficult questions. Understanding the complex nature and boundaries of corporate social responsibility (CSR) requires input from stakeholders within our business ecosystem and throughout the global community. Cross-sector partnerships are crucial in addressing broad issues such as human rights within the company's supply chain and the environmental impact of information technology (IT).

In addition, voluntary initiatives such as the Equatorial Principles for Banking that helps govern responsible banking and the Electronic Industry Code of Conduct (EICC) that helps unify the responsible management of the IT supply chain represent important first steps in the development of shared governance models for balancing responsibility, profitability, and sustainability.

Key CSR Issues

- Individual rights to privacy, and how Cisco's products and services fit into that debate
- Data security and the development of technology solutions to address security
- Internet censorship and freedom of expression
- Cisco's position on Internet neutrality
- Cisco's CSR and corporate governance, particularly our internal implementation of policies
- China's policies toward the Internet
- Information on the management systems in place to meet our CSR goals and targets
- Incentives for employees (and executives in particular) to meet our CSR goals and targets
- Political contributions

Cisco's 2006 *Corporate Citizenship Report* addressed stakeholder concerns for network neutrality, human rights, and privacy. This year's report addresses responsible risk management, the relationships within our value chain, and our investigation of concerns raised by stakeholders concerning human rights and freedom of expression and accessibility of the Internet, particularly in China.

CSR Governance

At Cisco, we invest significant time and resources to help ensure that our activities and policies are consistent with and promote our goals, initiatives, and business values.

Our Sustainable Business Practices (SBP) team, in partnership with leaders in Cisco's business functional areas, endeavors to continuously improve our CSR practices and programs. In particular, the SBP team engages with our global stakeholders to identify emerging issues and then evaluates our CSR performance by assessing our social, ethical, and environmental practices and policies.

Each quarter, the SBP team and the Senior Vice President of Corporate Affairs report on CSR issues and performance to the Executive Vice President of Operations and his direct staff. Unaddressed issues may be assigned to the appropriate business leader or cross-functional team for further recommendation and resolution. Broader issues and recommendations affecting Cisco's long-term strategic plan may be escalated to peers on Cisco's Operating Committee for further discussion and resolution.

We believe that our Board of Directors is able to effectively oversee the impact that Cisco's policies and activities have on our responsible business management and overall CSR performance through the SBP team, as well as through various CSR issue-related councils, project teams, and embedded business processes.

Stakeholder Engagement

Cisco engages with stakeholders in three primary ways: industry group stakeholder engagement, third-party facilitated individual interviews or convened groups, and ongoing conversations with established stakeholders.

Through these engagements, Cisco aims to gain perspective and insight regarding our corporate citizenship performance, specifically to:

- Learn more about how Cisco's current corporate citizenship is perceived and where the company could be more transparent or change current practice
- Get forward-looking information from stakeholders with particular subject-matter expertise, industry knowledge, or insight into our lines of business and specified growth areas
- Provide Cisco leadership with a chance to listen to different perspectives and build ongoing relationships with key influencers

The feedback from recent stakeholder engagements indicates that our stakeholders believe Cisco has made progress in areas of social responsibility. Stakeholders view Cisco as a leader in CSR, as evidenced by our participation in groups such as the Global eSustainability Initiative and the Electronic Industry Code of Conduct Supply Chain working group. In addition, stakeholders view Cisco as transparent, accessible, and a strong performer, and they feel that our participation in external groups is wide ranging.

For the future, our stakeholders look to Cisco to provide more detailed data and metrics in support of our CSR activities, as well as to anticipate trends and continue to play a leadership role in addressing emerging CSR issues.

Cisco's Ethical Guidelines

Ethical guidelines for all Cisco employees and our subsidiaries, as well as members of the Cisco Board of Directors, are developed by the Cisco Ethics Program Office, presented through the Cisco Code of Business Conduct, and are annually affirmed by employees.

The Code of Business Conduct has been designed to deter wrongdoing and to promote:

- Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships
- Full, fair, accurate, timely, and understandable disclosure in reports and documents that Cisco files with, or submits to, government agencies and in other public communications
- Protection of Cisco's confidential and proprietary information and that of our customers and vendors
- Compliance with applicable governmental laws, rules, and regulations
- The prompt internal reporting of violations of this code
- Accountability for adherence to this code

Business Resiliency and Risk Management

A successful business resiliency program involves anticipating and preparing for the major disruptive threats that a company faces. Cisco's business resiliency efforts range from ensuring redundant communications systems, to maintaining the safety of Cisco employees, to dealing with pandemic threats and natural disasters, to evaluating geopolitical risks within our supply chain.

Cisco also develops "risk maps" that measure the likelihood and severity of an adverse event based on interviews with the risk owners within the company. These risk maps identify the portfolio of assets that are at risk, the level of risk, what considerations need to be built into the business model to address the risks, and how the risks should factor into a group or business unit's decision-making process.

Reducing Risk in the Supply Chain

Over the past year we have extended our view into and understanding of our supply chain to include a more rigorous examination of the emerging market countries in which we do business. To proactively understand and address the challenges in the supply chain in these countries, we developed a systematic process which aims to identify the supply chain transformation required to improve supply chain performance and customer satisfaction, based on the unique aspects of each country.

We work with our partners in the supply chain to help minimize their risks, which in turn reduces risk for Cisco. The supply-chain risk management department helps to develop analytics to assess and predict risk scenarios, then works directly with the manufacturing entities to help identify, assess, and avoid risks. We undertake site assessments directly, or we employ a third-party assessor to do the inspection. Risk assessors employ actuarial data to look at factors like the potential for a natural disaster at the site.

We also determine site-specific risks to buildings and equipment. For example, one location may introduce a higher geopolitical risk but present fewer natural-hazard risks. We try to anticipate and avert possible problems.

To support sound business resiliency decisions throughout our relationships with our suppliers, we meet regularly with the contract manufacturers and key component suppliers who build or add value to our products, to discuss what risks we face and what actions those risks require.

In addition, we take measures to protect our brand and corporate reputation in the marketplace. Cisco's sales team, as well as our sales partners and resellers, receive business ethics training. Our country managers review new sales engagements to make sure they comply with security restrictions and other social responsibility standards. Supported by local legal resources and Human Resources staff, the country managers continue to monitor sales engagements in the field and can escalate issues that require further efforts.

United Nations Millennium Development Goals

Cisco recognizes the United Nations Millennium Development Goals (UNMDG), which call for timely, quantifiable progress in:

1. Eradicating extreme poverty and hunger
2. Achieving universal education
3. Promoting gender equality
4. Reducing child mortality
5. Improving maternal health
6. Combating deadly diseases such as HIV/AIDS
7. Ensuring environmental sustainability
8. Building a global partnership for development

Nearly every country in the world has approved these goals, and Cisco's programs are aimed at helping to make them a reality. For a more detailed account of our work in support of the UNMDGs, see the full *2007 Corporate Citizenship Report* at www.cisco.com/go/citizenship.



United Nations Global Compact

Since 2001 Cisco has supported the United Nations Global Compact (UNGC), which brings businesses together with UN agencies, labor organizations, civic organizations, and governments to advance 10 universal principles in the areas of human rights, labor, environment, and anticorruption.

Cisco is proud to be highlighted in the *UNGC Annual Review*, launched at the July 2007 UN Global Compact Summit. The review cites Cisco's consistent promotion of appropriate labor practices, and Cisco's Gender Initiative project in partnership with UNIFEM is commended in the UNGC publication, *Joining Forces for Change: Demonstrating Innovation and Impact through UN-Business Partnerships* (2007).

Global Reporting Initiative Indicators

The Global Reporting Initiative (GRI) has pioneered the development of the world's most widely used sustainability reporting framework, which sets out principles and indicators to measure and report economic, environmental, and social performance. Cisco shares GRI's commitment to corporate transparency, accountability, reporting, and sustainability.

View the entire Cisco GRI Cross Reference table in the online version of this report, available at www.cisco.com/go/citizenship.

Key Performance Indicators

The Key Performance Indicators (KPIs) in the table at right quantify our corporate social responsibility performance and progress over the past year. Cisco regularly analyzes and updates these KPIs. This table provides a high-level view; critical areas are covered in more detail in this printed report and in the online version at www.cisco.com/go/citizenship.

Key Performance Indicators

Category	Indicators	FY05	FY06	FY07
Workplace				
Employee satisfaction	Percentage of employees who agreed with seven statements about Cisco as a place to work (average)	81%	85% ¹	86%
Voluntary employee attrition	Total voluntary attrition as percentage of ending head count	4.6% ²	5.4% ³	6.6% ⁴ 6.9% ⁵
Health and safety	Number of nonfatal injuries and illnesses during fiscal year	129	107	93
Diversity				
Women	Women as percentage of total employees	22% ⁵	22% ⁵	22.8% ⁵
	Women as percentage of employees in VP positions or above	13% ^{4,6}	14% ^{4,6}	15.12% ⁴
Ethnic minorities (U.S. only)	Ethnic minorities as percentage of total employees	42%	43%	43%
	Ethnic minorities as percentage of employees in VP positions and above	17%	17% ⁶	15.51%
Environment*				
Worldwide energy consumption	Gigawatt-hours (GWh)	753	856	898 ⁷
Normalized worldwide energy consumption	GWh per \$Bn sales	30.4	31.1	28.0 ⁷
Greenhouse gas emissions	1000 tons of carbon dioxide (tCO2)	312	349	311 ⁷
Normalized greenhouse gas emissions	tCO2 per \$M sales	12.6	12.7	9.7 ⁷
Product recycling	Tons of equipment	n/a	4516	7102
Social Impact				
Social investment	Total corporatewide and foundation cash and in-kind contributions	\$65 million	\$115.5 million	\$116.8 million
Employee volunteerism	Number of hours volunteered by employees	235,000 ⁸	160,000	130,000
Educational output	Number of students enrolled worldwide in Cisco Networking Academy courses	459,723	466,935	501,019
Leadership Fellows	Number of full-time Cisco employees dedicated to social investment projects	5	8	17
Social and economic investment	Number of countries where Cisco currently invests or manages programs	n/a	165	160+ ⁹
Strategic partners	Significant collaborations with corporate partners, nonprofits, and NGOs	31	36	34

* Energy and greenhouse gas emissions data that appeared in the FY05 and FY06 reports was adjusted in FY07 to reflect improved data quality.

The FY05 and FY06 data in this report incorporates those adjustments. This has resulted in an average 2% increase in reported greenhouse gas emissions for FY05 and FY06.

¹ As of December 2005

² As of end of Q1 FY06

³ As of June 28, 2006

⁴ U.S. only, excluding subsidiaries

⁵ Global, excluding subsidiaries

⁶ Data corrected on November 16, 2006

⁷ FY07 data represents approximately 71% of Cisco's business by employee head count and presently excludes data for Scientific Atlanta.

⁸ In FY05 volunteerism increased significantly as part of that year's 20 Years of Service campaign.

⁹ For administrative purposes, we have defined some regions as "countries" that are not autonomous states or are not recognized as countries by international bodies such as the United Nations. Examples of these include Hong Kong, Puerto Rico, and Taiwan.

Cisco and Our Employees

OUR GLOBAL WORKFORCE

At Cisco, we believe that to stay competitive we must attract and retain the most talented people in our industry. So we listen carefully to what our employees around the globe say about the kind of workplace they want, and then develop programs to address those needs. We also solicit feedback to help ensure that leaders and team members within the company as well as Cisco's customers have an opportunity to assess our employees' efficacy and satisfaction.

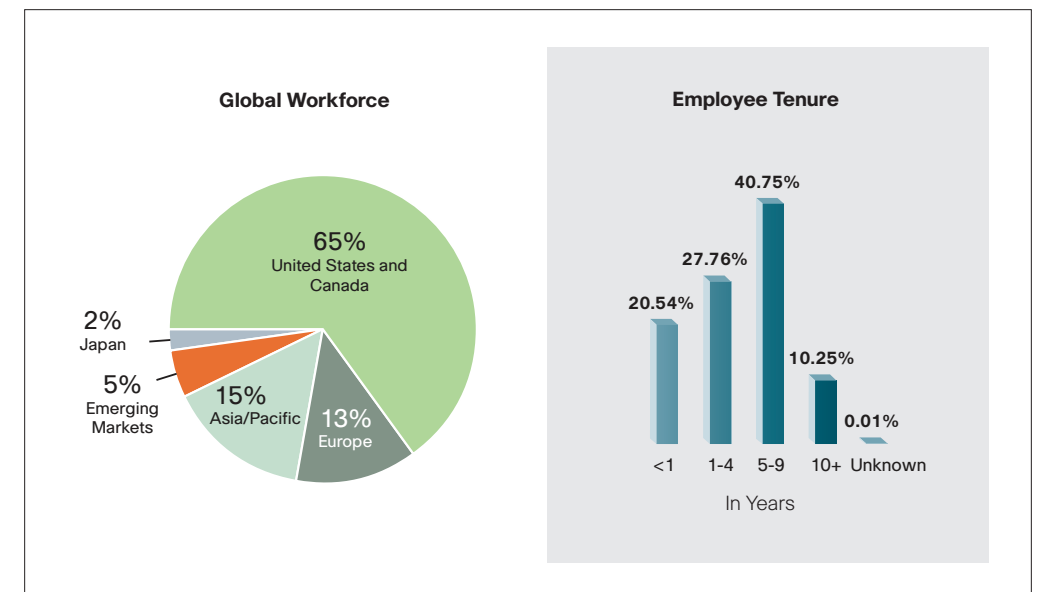


Employee Profile

As of the end of FY07, Cisco employed a total of 51,136 people worldwide (excluding Linksys and Scientific Atlanta). Sixty-five percent of our employees were based in the United States and Canada, 13 percent in Europe, 15 percent in Asia Pacific, 2 percent in Japan, and 5 percent in other areas.

While 21 percent of our employees have been with Cisco for less than one year, 51 percent of our workforce has stayed with the company for five years or more, a figure that reflects the success of our efforts to retain employees.

As in previous years, in FY07 we devoted substantial time to listening to our employees and we continued to improve current employee programs, exploring opportunities to increase flexibility in work arrangements and to enhance our employees' ability to successfully integrate their work and home lives. We also introduced innovative programs to enhance employee health and well-being as well as to promote diversity and inclusion.



Recruiting, Retaining, and Developing Talent

As a leading global company, Cisco recognizes that an inclusive, culturally diverse workforce is a business imperative. To garner top talent, Cisco casts a wide recruitment net. Our employees reflect a variety of backgrounds, cultures, skills, and points of view, and together they contribute to the teamwork, innovation, and expertise on which our customers depend.

At Cisco, we firmly believe an inclusive workforce better enables us to:

- Anticipate important market changes
- Respond to disparate customer and partner needs
- Prepare for an increasingly globalized future

Cisco recruits people at many different levels of experience: college, executive, and professional. Recognizing that today's students are tomorrow's leaders and the future of the company, Cisco actively recruits from leading universities worldwide, and strives to build lasting, mutually beneficial relationships with the colleges and universities where we focus our recruitment efforts.

Ongoing professional development is an integral part of Cisco's culture. We offer employees a wide selection of training opportunities to maximize their career development options. One of Cisco's priorities is to continually build our leadership team to prepare for the future. Internal surveys have also revealed that skilled and effective managers are an important factor in employee retention. With these points in mind, we have designed several targeted development programs for leaders who demonstrate growth potential, ranging from an Executive Leader Program and an Action Learning Forum for director-level employees to a Global Leader Program to help globalize business priorities and practices.

Diversity and Inclusion

At Cisco, we believe diversity in our employee population is a key business advantage. An inclusive workplace positions Cisco to anticipate market demand, be responsive to all our customers, and build a solid foundation for future growth. Ethnic minorities made up approximately 43 percent of Cisco's U.S. employees in 2007, and women comprised approximately 25 percent of U.S. employees and 23 percent of global employees (excluding subsidiaries).

Cisco hires people of diverse backgrounds, cultures, skills, and points of view while promoting a common dedication across the company to teamwork, innovation, and customer success. We offer numerous programs and services to support our diverse employee population, including Cisco Employee Networks, diversity and inclusion education offerings, and partnerships with professional associations that champion diversity.

Many of Cisco's suppliers are small businesses or independent contractors that provide a number of services. Diversity among these suppliers is an important aspect of Cisco's supply chain philosophy. We believe diversity is good for our business in a variety of ways.

- Regional diversity gives us access to worldwide skills and markets, and provides business resiliency if disruptions should occur in a particular region. It also helps reduce transportation costs.
- Cultural diversity, with suppliers offering different viewpoints and styles of interacting, helps us develop and market products that fit the needs of the broad global community.
- Social diversity promotes inclusiveness that benefits communities and local economies.

Cross-Cultural Business Exchange

The Middle East Partnership Initiative (MEPI) was created by President George W. Bush's administration in 2002 and funded by Congress to foster growth, development, and a spirit of partnership between the United States and countries in the Middle East. Through MEPI, Cisco provided internships to three women from Lebanon, Saudi Arabia, and Jordan from April to August 2007. Cisco placed these outstanding businesswomen in different roles across the company and provided training and management skills. Many of the Cisco managers and mentors involved have commented on how much they gained from the program.

Work-Life Integration

Flexibility, trust, and empowerment are the hallmarks of the employee-employer relationship at Cisco. We support a flexible workplace and recognize that how, when, and where people want and need to work is rapidly and continually changing. As a result, we invest in tools to enable flexibility for our entire global workforce and have become a recognized leader in using technology to help employees balance work, family, and personal responsibilities. Although Cisco's employee population is geographically dispersed, work-life integration at Cisco is further supported by our strong common corporate culture, values, benefits, and programs.

We use technology to enable employees to easily work from home, access real-time business information, and collaborate with colleagues and customers at any time and in any place, helping to create a flexible work environment where geographic location and fixed work hours become less important. Flexible work schedules, including the ability to regularly telecommute, allow employees more control over their professional and personal lives.

In addition, we offer our employees several programs designed to help them integrate their personal and professional lives. For example, the Cisco Family Connection day care center in San Jose, California, is a company-sponsored center operated by Bright Horizons Family Solutions that gives hundreds of Cisco families access to comprehensive family support services. The center provides a full range of child-care services and resources to support families with children aged six weeks to 12 years in one convenient location.

Cisco takes a holistic approach to elder care that includes a broad continuum of programs in partnership with WorkPlace Options, an organization that provides corporate work-life resource and referral programs. Over the years, we have increased the depth and breadth of these programs across the United States.

Cisco's Family Assistance program supports employees and their families at times of critical need and provides short-term, emergency resources to help deal with a serious medical condition, death of an immediate family member, or the impact of a natural disaster.

Welfare and Safety

Cisco is dedicated to promoting a culture of health and well-being for all employees and their families. Encouraging and aiding employees in maintaining healthy lifestyles is the goal of the company's many health education, wellness, preventive care, and medical treatment programs. In recognition of our efforts, Cisco received a *2007 Best Employers for Healthy Lifestyles* Gold Award from the National Business Group on Health.

Cisco's HealthConnections program is designed to help U.S. employees manage their health and well-being through a variety of programs and resources that provide health assessments, onsite health screening, online personal health management, and health coaching. Onsite fitness centers, exercise classes, and nutrition seminars also support employees in their own paths to good health. Cisco cafés offer HealthConnections meals that take into account local eating customs and preferences, and a nutrition labeling program helps employees make more healthful choices.

Cisco has partnered with an online personal health management company to offer U.S.-based employees access to an advanced health profiling and health risk assessment tool that scores an individual's health status, calculates risk levels, and provides recommendations for health improvement and behavior change. Upon completion of the online assessment, employees receive \$100 off their health plan contributions for 2007 and a personalized report outlining individual risks and recommendations. In 2006, 52 percent of Cisco employees took the health assessment, up 12 percent from 2005.

To help ensure employee safety, Cisco's Emergency Response Team program gives employee volunteers special training that enables them to act as first responders at local sites when medical or other emergencies occur. Today, some 700 employees participate in the program, which is active or in the process of being implemented at 30 Cisco sites around the world.

Pulse Snapshot Survey

Cisco regularly conducts "Pulse" surveys to elicit employee feedback on work environment, career development, job satisfaction, relationships with management and peers, understanding of business priorities, perceived company honesty and ethics, empowerment, results and recognition, and teamwork and cooperation.

Since October 2004, Cisco has conducted six biannual random-sample Pulse snapshot surveys. In March 2006, Cisco sent a census Pulse survey to all employees. We intend to continue to conduct an annual Pulse census survey as standard practice.

The snapshot and census Pulse surveys consist of 54 questions in 10 categories, focusing on those areas that influence employee commitment and satisfaction. The survey is structured to allow baseline comparisons year over year and department to department.

Cisco Pulse Survey Results

	Q2 FY07 SNAPSHOT	Q3 FY06 SNAPSHOT	Q2 FY06 SNAPSHOT	Q4 FY05 SNAPSHOT	Q3 FY05 SNAPSHOT	Q2 FY05 SNAPSHOT
NO. OF RESPONDENTS	1644	2776	1753	1620	1710	1769
Cisco as a Place to Work	86%	85%	80%	81%	78%	81%
Understanding the Business	86%	82%	77%	81%	77%	80%
Teamwork and Cooperation	85%	85%	83%	80%	79%	79%
Empowerment	81%	81%	78%	79%	77%	78%
Honesty and Ethics	80%	78%	76%	75%	73%	75%
Job Satisfaction	77%	77%	73%	74%	72%	75%
Manager	76%	77%	75%	73%	72%	73%
Workgroup	75%	75%	72%	72%	70%	71%
Career Development	70%	70%	66%	69%	65%	70%
Results and Recognition	61%	63%	59%	57%	54%	57%

In the Q2 FY07 Pulse snapshot survey, 86 percent of employees rated Cisco's work environment as "very favorable." Other areas with strongly positive results included teamwork and cooperation, understanding the business, and empowerment.

After each survey, managers, business unit leaders, and company executives develop initiatives to address factors with the lowest survey scores and to reinforce factors with strong results.

Cisco and the Environment

OUR COMMITMENT TO THE EARTH

Our planet and the people who inhabit it face many environmental challenges—with climate change a serious and pressing concern. Cisco is helping to alleviate these problems by making our operations and products more earth-friendly. In addition, we believe that communications technology can play a central role in reducing the greenhouse gas emissions that contribute in large part to global warming. We are developing technologies that are designed to help curb—and which ultimately may help reverse—the current climate trend.

Environmental Strategy

In consultation with academic institutions and experts in the public and private sectors, we continued to develop and refine our environmental strategy during FY07. At the beginning of the fiscal year we established the Cisco EcoBoard, a group of leaders from the 12 key business areas at Cisco involved in "green" activities. This group has drawn up a corporate environmental strategy based on reducing our greenhouse gas emissions and delivering ecologically sound products and opportunities to our customers.

In our corporate operations during FY07, we increased renewable energy procurement by 47 million kilowatt-hours per year at our U.S. and U.K. facilities. Additionally we have played a leadership role in the development and consistent application of environmental standards.

As a member of the Clinton Global Initiative, Cisco made two environmental commitments directed at controlling greenhouse gas emissions. We launched the Connected Urban Development initiative based on our vision of a comprehensive communications infrastructure that makes information, knowledge, people, traffic, and energy all flow more efficiently through urban areas. Plus, we created the Carbon to Collaboration initiative aimed at reducing Cisco's greenhouse gas emissions from air travel. This initiative provides a case study for how innovations in network architecture and unified communications can offer alternatives to business air travel.

A Letter from the Cisco EcoBoard



At Cisco, we're committed to our vision: "Changing the Way We Work, Live, Play, and Learn." And this extends to our ability to reduce the effects of our operations and products on the environment. Together with our customers, partners, employees, and communities, we have a unique opportunity to help organizations and individuals use technology in environmentally sustainable ways.

In October 2006, John Chambers established the Cisco EcoBoard to lead company initiatives for environmental sustainability and to set priorities and goals across all departments engaged in environmental activities. The EcoBoard is comprised of leaders from 12 key areas of Cisco's business, ranging from engineering to operations to employee communications to government affairs.

As co-chairs of the EcoBoard, we set an ambitious agenda to not only reduce Cisco's greenhouse gas emissions, but also to deliver opportunities for our customers to operate in more environmentally sustainable ways. We believe the network will be the key technology enabler to manage, monitor, and better utilize energy and achieve more significant greenhouse gas emissions reductions globally.

We characterize Cisco's commitment to environmental sustainability as three actions:

- *Operations*: Lessen our emissions of greenhouse gases
- *Products*: Maximize product functionality and performance while optimizing and reducing power consumption
- *Architecture*: Deliver networking architectures and solutions that enable customers to achieve environmental goals

At the operations level, we helped reduce greenhouse emissions from Cisco facilities in FY07 by using renewable power. We purchased an additional 79.9 million kilowatt-hours (kWh) of green power for our headquarters in San Jose, bringing our total purchase for United States' facilities to 88.6 million kWh and globally to 115 million kWh.

Our engineering team is dedicated to reducing energy consumption by our products. The goal is to *design in* environmental efficiency and to *design out* waste. In addition, we are building and taking advantage of new collaboration technologies—such as TelePresence, Unified Communications, and WebEx—to reduce the need for travel. In FY07 we committed \$22.2 million to our collaborative technologies with the aim of accomplishing a 10-percent reduction in greenhouse emissions from air travel.

Perhaps the most dramatic effect we can have with our customers is related to the architectural design of our solutions. We are working to develop more energy-efficient network architectures for the business data center and for wireless networks. At a solutions level, we have launched initiatives such as Connected Urban Development, which uses converged IP-enabled infrastructures in urban areas, and new technologies such as radio-frequency ID (RFID) and mobility to reduce urban energy consumption and to lower emissions created by traffic congestion.

As the EcoBoard leaders, we are excited about harnessing the power of the network to promote a more environmentally sustainable future. We look forward to working with our customers, partners, employees, and communities to address the serious environmental challenges—and opportunities—that face us all.

Tony Bates, SVP/GM, Service Provider Technology Group
 Laura Ipsen, SVP, Global Policy and Government Affairs
 Ron Ricci, VP, Corporate Positioning

Connected Urban Development

In support of the Clinton Global Initiative, Cisco has launched Connected Urban Development, an initiative that embeds advanced information communication technology in urban infrastructure and management systems. This initiative has the potential to reduce global warming by creating smarter, more environmentally friendly cities. At the same time, it has the potential to increase social and economic value. Pilot programs began in FY07, and we expect the full program to roll out in FY08. We estimate the total amount of our investment in this initiative to be \$15 million over five years.

"When the Clinton Global Initiative approached us, we asked ourselves how technology could help solve one of today's most pressing problems: climate change. We found the answer in innovative urban planning, collaboration technologies, and smart policy."

– John Chambers, Chairman and CEO



Cisco is working with innovation-minded cities to help improve their energy efficiency and reduce emissions. Our three pilot cities—Amsterdam, San Francisco, and Seoul—share characteristics that we consider important to the success of the trial programs:

- Visionary leadership
- Significant problems with traffic and congestion
- Commitment to environmental sustainability
- Next-generation broadband fiber or wireless infrastructure planned or implemented
- Status as a globally recognized communications hub

Cisco has chosen Massachusetts Institute of Technology's Mobile Experience Lab as our global research and academic partner for the Connected Urban Development initiative. A team from the Cisco Internet Business Solutions Group is also collaborating with government and scientific leaders to create a vision for the cities of the future.

We intend to showcase these cities as models for intelligent urban communications, and then create a replicable framework that we believe can be adopted by other cities worldwide. Additional pilot cities are currently under consideration.

Connected Urban Development Blueprint

TELEWORKING	TRAFFIC MANAGEMENT	PUBLIC TRANSPORT	MUNICIPAL GREENHOUSE GAS EMISSIONS REDUCTION	SMART COMMUNITIES AND NEW URBAN BUSINESSES
<ul style="list-style-type: none"> • TelePresence for small and midsize businesses and branches • Home broadband with video communication • Satellite shared offices • Public remote services • Staggered starting time + teleworking 	<ul style="list-style-type: none"> • Smart congestion tax programs • Dynamic traffic-flow control 	<ul style="list-style-type: none"> • IP-enabled public transport for flow management • Transport on demand • Shared taxi and mini bus • Intelligent car pooling 	<ul style="list-style-type: none"> • Teleworking for employees • Internal transport optimization • Clean Data Center • Connected Real Estate 	<ul style="list-style-type: none"> • Social organization and active citizenship • Innovative green-business models
<p>Connected Buildings & Civil Infrastructure: IP-enabled residential, office, and public buildings; roads; gas/water/electricity infrastructure and city facilities</p>				

As shown in the model above, each Connected Urban Development activity (vertical columns) starts with traditional building and civil infrastructure and then applies intelligent networking services and infrastructure. To deploy the urban communications infrastructure, we intend to implement technologies such as IP networking, global positioning systems (GPS), and RFID.

We believe that the movement of vehicles on streets and roads can be managed just as efficiently as the movement of traffic on the Internet. We are targeting vehicle-caused air pollution in each of the pilot cities by looking at transportation demands and determining the exact sources of the pollution. Cisco intends to engage local and global organizations to get feedback and help ensure that results are carefully and objectively quantified, so the solutions developed and best practices learned during the pilots can be implemented in other cities.

Responsible Operations

Minimizing the ecological impact of corporate operations is a crucial aspect of Cisco's environmental outlook. We believe our own technologies have served us well in making our operations more environmentally friendly.

We have established responsible operations programs aimed at:

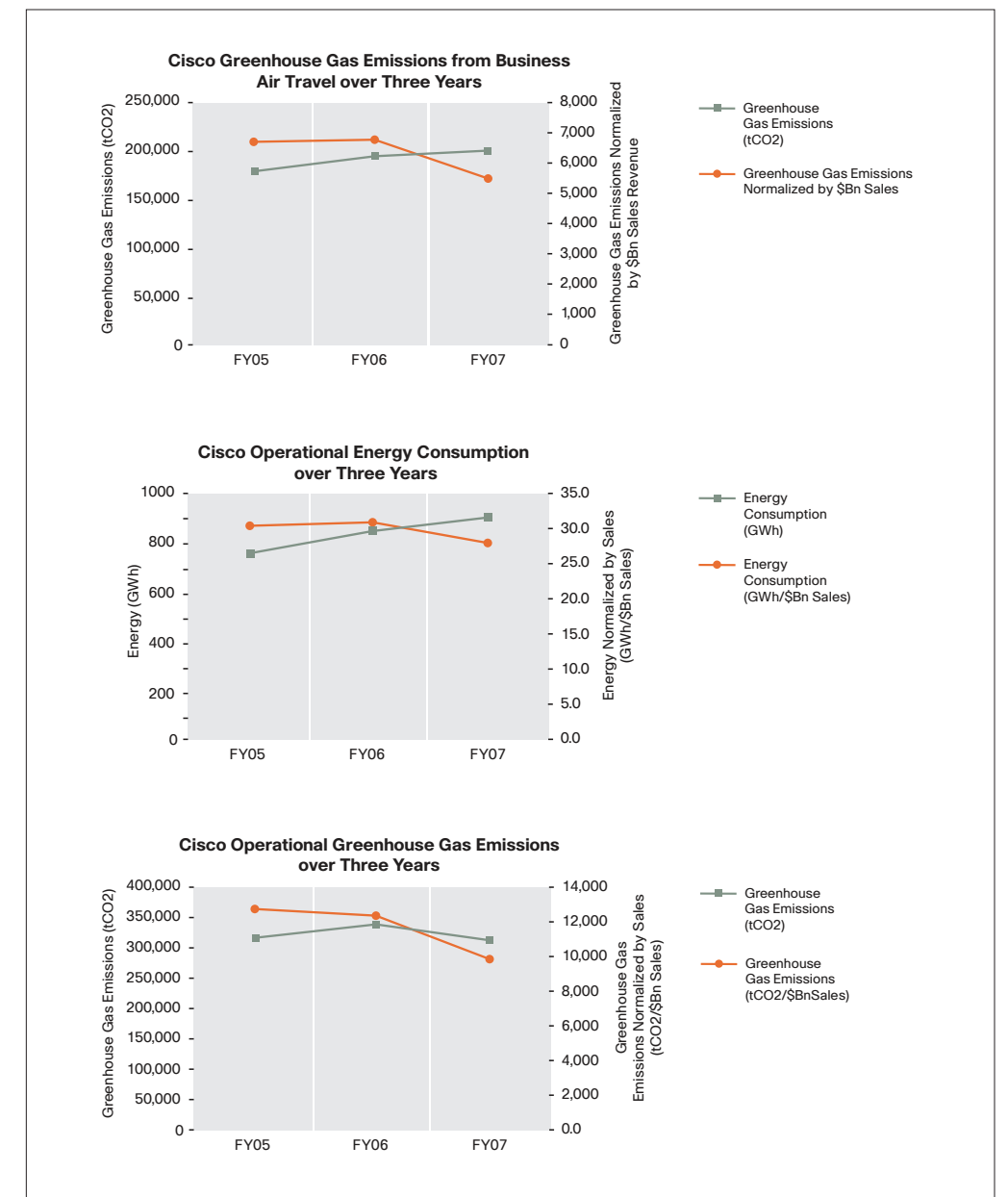
- Reducing energy consumption across the company
- Limiting the greenhouse gas emissions implicated in global warming
- Closely managing water consumption, air quality, food procurement, and waste
- Monitoring and properly disposing of hazardous materials

Energy and Greenhouse Gas Emissions

As part of the Clinton Global Initiative, Cisco committed to a 10-percent reduction in the carbon-dioxide emissions that result from our corporate air travel in FY07. To this end, we invested \$22.2 million in collaboration technologies, implementing Cisco TelePresence, Cisco Unified Communications, and Cisco Shared Workspace capabilities in our locations around the world.

During FY07 energy consumption in our operations grew by 5 percent while greenhouse gas emissions fell by 11 percent. The most significant greenhouse gas emissions reductions have been achieved at Cisco's primary owned and operated sites, where we directly control the performance of buildings and procurement of electricity. Although energy consumption has increased overall, we have made energy efficiency gains relative to sales through the ongoing energy programs outlined above and by purchasing renewable energy.

Normalized by sales revenue, during FY07 our energy consumption and greenhouse gas emissions fell by 10 percent and 24 percent, respectively.



Carbon to Collaboration

Collaboration technologies let employees conduct virtual meetings without having to travel to one physical location, saving the fuel necessary for transportation while maintaining a high level of interaction and participation. The Carbon to Collaboration initiative seeks to reduce our employees' overall carbon footprint by replacing air travel with virtual collaboration over the network.

Cisco TelePresence is a new collaborative technology that combines rich audio, high-definition video, and interactive elements to deliver a unique in-person experience—over the network and with one-touch convenience. As of July 2007 we have installed approximately 110 TelePresence units in Cisco offices in more than 20 countries and almost 60 cities worldwide. Frequent users may receive one-screen (individual) TelePresence units to give them immediate access.

We completed our \$3.0 billion acquisition of WebEx Communications in late 2007. The WebEx product suite provides businesses and individuals with network-based conferencing and collaboration capabilities, allowing them to share presentations, applications, and other data worldwide. These services are designed to improve productivity and decrease the need for air travel for our employees, customers, partners, and others outside the company who attend meetings hosted or sponsored by Cisco.

Connected Workspaces and Laboratories

Cisco's Connected Workspace concept, launched at our San Jose headquarters, provides a flexible working environment through the innovative use of Cisco Unified Communications, wireless network access, and virtual private networks (VPNs). Employees can work at a variety of locations—their desks, conference rooms, outdoor environments, homes, and remote locations equipped with networking capability. This enables them to be productive wherever they are.

Cisco Connected Workspace also boosts workplace efficiency by accommodating up to two times more employees than can be accommodated in a traditional office environment. As a result, the Connected Workspace environment has reduced per-capita use of equipment and IT infrastructure. Cisco Connected Workspace is currently being implemented in Cisco offices worldwide. Every day, 25 percent of our workforce takes advantage of mobile technology, innovative workspaces, and flexible schedules.

Cisco's extensive network of laboratories—where we develop, configure, and test our equipment—typically consume 5 to 22 times more energy than equivalent office space. To reduce power consumption in laboratories, Cisco has developed the Automated Managed Power System (AMPS), which identifies equipment that is not in a test cycle and powers it down. On average, AMPS reduces equipment power consumption by 40 percent, representing a substantial savings in both greenhouse gas emissions and electricity bills.

Green Power Purchasing

Cisco is entering its second year of a Green Power Purchase Agreement to procure 100 percent renewable power for our U.K. facilities, representing approximately 26 million kilowatt-hours (kWh) per year. This agreement saves enough power to meet the needs of 2400 U.K. homes. In addition, Cisco again participated in the U.S. Environmental Protection Agency's Green Power Challenge, a 13-month campaign focusing on the collective power purchases of eligible Fortune 500 companies.

In FY07 we purchased more green power than ever before, including an additional 79.9 million kWh for our headquarters site. This brought the total green power purchases for U.S. facilities to 88.6 million kWh and the total for our worldwide facilities to 115 million kWh. According to EPA estimates, Cisco's U.S. green power purchases are equivalent to preventing more than 124 million pounds (56,400 metric tons) of carbon dioxide from entering the atmosphere. Combined with our U.K. initiatives, this represents the prevention of 69,000 metric tons of carbon-dioxide emissions per year.

Water, Air, Food, and Waste Management

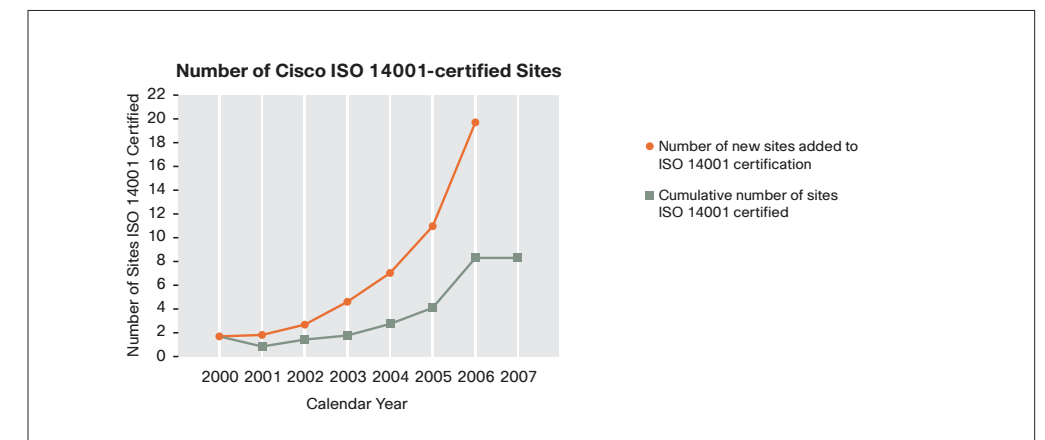
Cisco strives to minimize our environmental footprint and improve environmental practices in our office-based operations. The company has implemented an Environmental Management System (EMS) designed to help us meet environmental regulations and improve our environmental practices. This system supports a continuous cycle of planning, implementation, reviews, and improvements.

At our headquarters in San Jose, we use only recycled water for landscape irrigation and fountains, which represents approximately 30 percent of our total 700,000 cubic feet of water consumption. To help improve air quality at our headquarters in San Jose, Cisco is cooperating with the California Air Resources Board by avoiding the use of gasoline-powered lawn mowers during days when air quality is poor. And in line with Cisco's values, the firm that operates our cafeterias in the United States and Canada, Bon Appetit, is committed to socially responsible food sourcing and business practices.

Environmental Management System

At each Cisco site within the program, a team uses the EMS framework to identify, prioritize, and manage the most relevant and important environmental impacts. Issues range from managing hazardous materials, to increasing employee awareness of environmental practices, to monitoring waste water treatment. Cisco identifies best practices through the EMS audit program and disseminates them throughout the company.

The EMS also provides a framework for documenting compliance with environmental regulations such as ISO 14001, a standard that specifies requirements for environmental management that can be certified through an audit. By the end of calendar year 2007, we expect that 20 Cisco sites will have earned ISO 14001 certification, increasing the percentage of Cisco's employee population covered by EMS activities to approximately 68 percent.



Product Stewardship

Cisco strives to minimize the environmental impact of our products while they are in use and also after they are retired from service. We take care to design products that are accessible to the broadest population of users.

Cisco remains committed to:

- Developing balanced regulatory and voluntary guidelines that protect the environment, while fostering innovation and growth
- Helping to formulate public policy and initiate industry dialogue regarding hazardous substances in products
- Using regulatory compliance as a platform for materials innovation

During FY07 Cisco continued to plan for the end-of-life management of our products by supporting recovery, reuse, and recycling programs. Our initiatives include:

- Offering a convenient channel for our customers to recycle Cisco products
- Addressing the global environmental and health problems caused by the improper disposal of electronics
- Taking advantage of revenue opportunities offered by the recovery of equipment and precious materials
- Protecting our brand integrity by minimizing unauthorized resale of Cisco equipment
- Complying with worldwide product lifecycle regulations and meeting customer requirements
- Minimizing future compliance costs

Cisco offers a range of programs to facilitate the flow of products from our customers to a controlled end-of-life process. We also apply these same processes to electronic products used within our operations and by our employees at home. These programs now make a positive revenue contribution to the company.

Product Energy Efficiency

Cisco supports government and private-sector energy regulations as well as voluntary standards. We are working with industry, nongovernmental organizations, academic institutions, and governments around the world to explore ways to improve energy efficiency while still maintaining high levels of product functionality and reliability.

Besides designing power efficiency into individual products, Cisco is also lowering power consumption in data centers with modular, scalable solutions that make better use of existing capacity. For example, Cisco's network-based virtualization capabilities help customers increase utilization of their data storage assets by up to 70 percent. Furthermore, Cisco's service-module approach to systems design helps make data centers greener by reducing the number of power-consuming appliances that need to be connected to the network.

Accessibility for All

In 2004 Cisco launched the Accessibility Initiative to help ensure that our products—as well as our facilities, Websites, and documentation—can be easily accessed by users with disabilities. The initiative calls for:

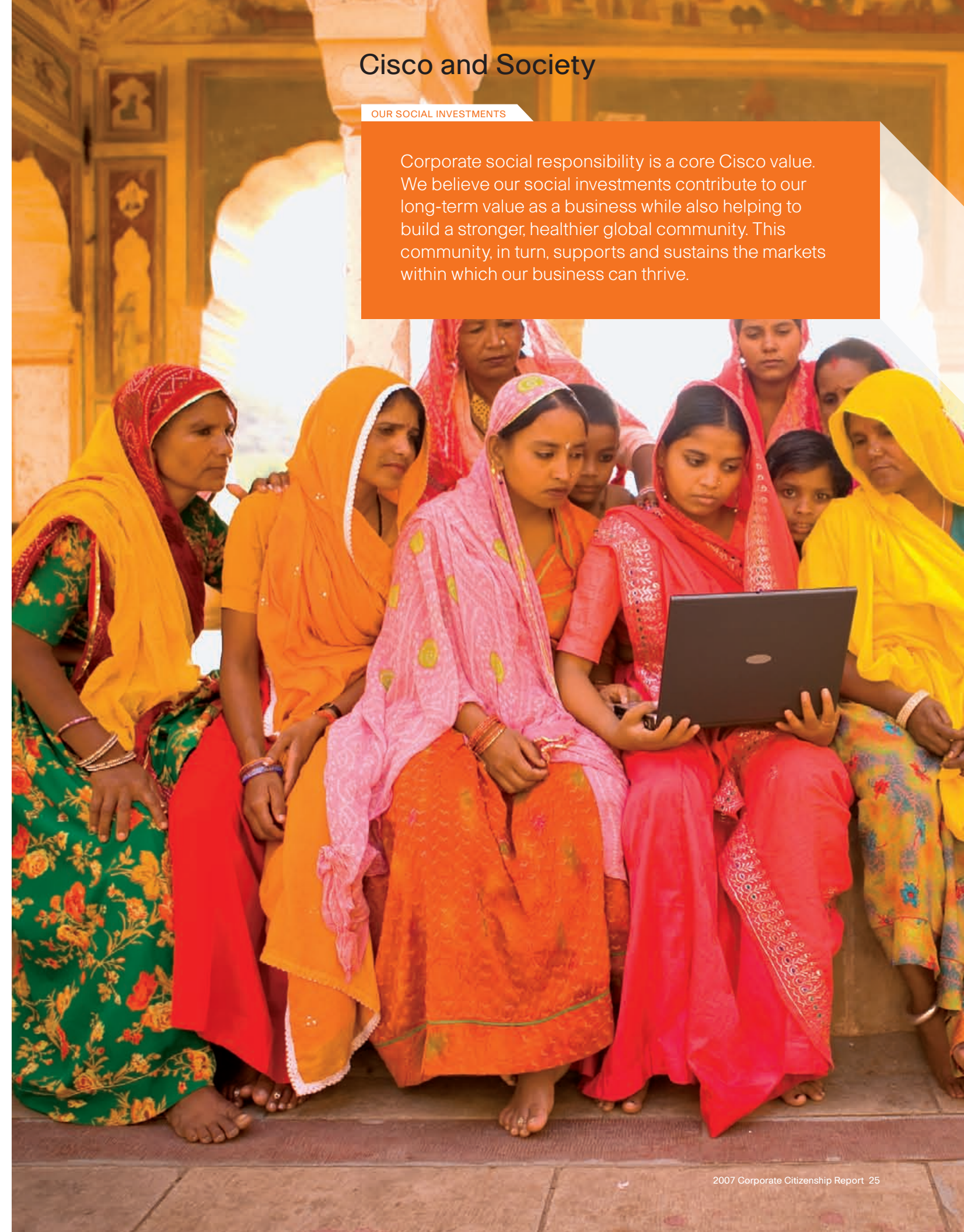
- Staff training to increase awareness and tools to help employees design, manufacture, market, and deliver accessible products and related materials
- Policy and engineering guidelines to evaluate the accessibility, usability, and compatibility of equipment and services
- Design principles that incorporate accessibility and usability throughout product development
- Product trials and evaluations that involve people with disabilities
- Support of and contributions to industry standards and guidelines for accessibility

During FY07 the Cisco Accessibility Team implemented the Accessibility Initiative across all Cisco business units. The initiative has also been incorporated into the work of Cisco's IT department, which will integrate accessibility features in the development and procurement of software.

Cisco and Society

OUR SOCIAL INVESTMENTS

Corporate social responsibility is a core Cisco value. We believe our social investments contribute to our long-term value as a business while also helping to build a stronger, healthier global community. This community, in turn, supports and sustains the markets within which our business can thrive.



Our social investment strategy focuses on empowering individuals and organizations as well as transforming communities through the benefits of networking. We advance a broad range of economic, educational, and social initiatives worldwide by making use of our market strength, industry experience, and business acumen. In addition, we collaborate with a variety of organizations, including local groups, NGOs, government agencies, schools, and universities.

Cisco Networking Academy

In FY08 Cisco Networking Academy celebrates 10 years of providing information and communication technology education to students around the world. We partner with educational institutions, nonprofits, NGOs, businesses, and government organizations to deliver globally consistent and locally relevant learning experiences, improving economic and career opportunities for students. As of September 2007, 2 million students have participated in courses since the Cisco Networking Academy was established.

Today’s companies increasingly rely on networking technologies to support their business objectives, and demand is growing for skilled employees to support their networks. In response, Cisco has redesigned the Networking Academy curricula to provide entry-level students with the skills they need to succeed in a wide range of IT careers across a broad range of industries. This year we made several changes to better serve the needs of students from differing socioeconomic, cultural, and educational backgrounds, while also aligning curricula with market demands.

As part of the Least-Developed Countries Initiative, Cisco is creating public-private partnerships to help bridge the digital divide by bringing Cisco Networking Academy classes to underserved populations in least-developed countries (LDCs) around the world. Since 2000, more than 250 Networking Academy sites have been established in 53 LDCs, reaching nearly 50,000 students. More than 12,700 of these students have successfully completed all four modules of the Cisco CCNA curriculum for network associates, with women representing 29 percent of the CCNA graduates in participating countries.



Gender Initiative

Women are often excluded from the career opportunities offered by IT. Without targeted recruitment and training, women will continue to be left behind. To address the global challenge of the digital divide between the sexes, Cisco is implementing what we call the Gender Initiative "ABCs": *accessing* the Internet, *building* knowledge, and *creating* careers.

Cisco’s Gender Initiative, a component of the Networking Academy, helps provide Internet access for women and girls through partnerships with regional telecenters, community organizations, shelters, girls’ schools, and women’s colleges and universities. This includes equipment donations to global NGOs.

Because of cultural and economic barriers, certain parts of the world present particular challenges when it comes to attaining gender equality in a technical education setting. Cisco’s Gender Initiative has made significant progress in many of these regions.

Global Education Initiative

The Global Education Initiative (GEI) came about in response to an appeal by Cisco Chairman and CEO John Chambers at the World Economic Forum in 2003 to develop a technology-supported education model that would reduce the gap between developed and developing countries. Based on its vision and commitment to the advancement of education, the government of Jordan was selected to launch this effort in partnership with the World Economic Forum and business leaders.

Ongoing GEI projects include: Partnerships for Education, a joint initiative with the United Nations Educational, Scientific and Cultural Organization (UNESCO) and the World Economic Forum created to enable Multi-Stakeholder Partnerships for Education; the Egypt Education Initiative, which joins 2000 schools, 15 universities, 650,000 students, and 70,000 teachers in Egypt to improve e-learning; and the Rajasthan Education Initiative, which seeks to improve social and economic conditions by developing IT skills in a predominantly agrarian region in India’s largest state.

New Partnership for Africa’s Development

Cisco believes that with increased opportunities for education comes the power to address the many challenges that African nations face on their road to development. As one of five companies leading the New Partnership for Africa’s Development (NEPAD) consortium, Cisco is implementing IT-enabled learning environments in 19 schools in six African countries: Algeria, Ghana, Mauritius, Rwanda, Senegal, and South Africa. We are also providing networking technology to an additional 39 schools in another nine countries. So far, these efforts have benefited approximately 30,000 students who for the first time have access to computers and the Internet. Next year, we expect to increase that number to 50,000 students.

Human Services and Support

By selecting the appropriate mix of people, funding, and products for our social investments, Cisco endeavors to close the digital divide between developed and underdeveloped countries, improve opportunities in communities worldwide, and address basic human needs—especially for underserved populations.

With our human services and support initiatives, we are demonstrating how much stronger we can be together than we can ever be apart.

The Cisco Foundation has a reputation across the industry for carefully reviewing recipients. For instance, when we evaluate an organization seeking assistance, we make sure it is not associated with any cause that advocates or intends harm to any group or individual. We also determine that the organization is well run and keeps its overhead costs low, so the clients they serve can obtain maximum benefits.

Cisco Financial Contributions over Five Years

DONATION (IN MILLIONS)	FY03	FY04	FY05	FY06	FY07
Foundation total (corporatewide)	\$11.4	\$8.5	\$10.6	\$9.3	\$8.8
In-kind total (corporatewide products and people)	20.1	19.7	29.0	39.4	49.0
Cash total (Foundation cash and corporatewide cash)	36.8	33.4	35.0	76.1	67.7
Corporatewide giving total	56.0	53.0	65.0	115.5	116.8
Contributions as a percentage of earnings before income tax (EBIT) from previous year	2%	1.1%	1%	1.4%	1.5%

To help ensure that all Foundation grants conform to Cisco's CSR vision and that we have exercised due diligence regarding the qualifications of recipients, we have implemented a systematic review process. This process addresses both legal and regulatory requirements as well as assessment of the qualification of proposals against our grant-making criteria and guidelines. The majority of grant programs are by invitation only, with program officers making recommendations regarding potential social investments. Initial vetting of the applicant organizations is rigorous and consistent, a service provided to Cisco and the Foundation through our partnership with the nonprofit organization Universal Giving. All Foundation grant proposals are reviewed by a grants committee, with final approval by the executive director of the Foundation and the Cisco Foundation Board.

TechSoup Stock Donations

Since 2002 Cisco has partnered with TechSoup, an organization that distributes donated computer technology to nonprofits and libraries. Through the TechSoup online program, we donate products to nonprofits across the United States. This program has been extended to Africa, Asia, and Europe, with plans to include Latin America in the next fiscal year. Over the past five years, we have donated 22,351 products valued at more than \$24.8 million to 4018 unique nonprofit organizations worldwide through the TechSoup Stock portal.

Unique Donations to TechSoup Stock, FY03 to FY07

	FY03 ¹	FY04 ¹	FY05 ²	FY06 ²	FY07 ²	TOTAL
Number of organizations receiving donations	573	551	1106	995	793	4018
Total retail value of donations	\$2.2 million	\$2.5 million	\$8.2 million	\$6.6 million	\$5.1 million	\$24.8 million
Number of products donated	2192	2632	6344	5738	5445	22,351

¹ U.S. only

² U.S., Africa, Asia, and Europe

Grameen Microfinance and LifeLines India

Sometimes called "banking for the poor," microfinance uses very small loans (usually less than \$200) to enable people to escape poverty by starting, establishing, and expanding small businesses. Grameen Foundation is a microfinance institution (MFI) that uses microloans and innovative technology to fight global poverty and bring economic opportunity to some of the world's poorest areas.

Grameen Foundation's Technology Center used a \$300,000 grant from Cisco to establish the Mifos Initiative, a software platform designed to help MFIs manage their clients, portfolios, and reporting needs. This platform allows these organizations to cut costs by using locally based development and support services to assist them in customizing their technology.

Until recently the only sources of agricultural and veterinary information for farmers in rural India were community meetings and agriculture extension workers. OneWorld South Asia, a charitable organization working in the areas of human rights and sustainable development, has joined with British Telecom (BT), and Cisco to create LifeLines India, a program that helps small-scale Indian farmers better support their families by giving them useful farming advice.

Farmers dial the LifeLines India number from a community telephone that gives them access to a Cisco Unified Messaging platform. The farmers record their questions and receive recorded answers when they call back. Each call costs only five rupees (about \$0.12), keeping the program affordable and sustainable.

By June 2007, LifeLines India coverage was accessible to about 40,000 farmers living in 700 villages.



Cancer Diagnostics Goes Mobile in Pakistan

People in remote areas of South Asia often fall victim to cancers that are not detected at early stages or go untreated. In 1989, international cricket star Imran Khan helped found the nonprofit Shaukat Khanum Memorial Cancer Hospital and Research Centre (SKM) in Lahore, Pakistan—the only hospital in the region that provides cancer treatment regardless of a patient's ability to pay.

Because many potential patients live too far away or are too poor to travel to the hospital, doctors at SKM needed a mobile diagnostic laboratory to reach these people. When a group of Cisco employees with ties to Pakistan learned of Khan's efforts, they saw an opportunity to help.

Cisco supplies networking equipment, and our employees have raised more than \$70,000 to help fund SKM's efforts. When complete, the upgraded hospital network will significantly extend SKM's reach—and showcase Cisco technology in the emerging South Asian market.

Volunteering Worldwide

Cisco Citizens are employees who donate money or volunteer their time to nonprofits, community projects, and various charities. The Cisco Foundation provides up to \$1000 per employee each calendar year in gift-matching funds and also matches funds raised during team volunteer events. The Cisco Foundation also matches Cisco Citizens' volunteer hours up to \$1000 (\$10 each hour). This contribution is over and above the matching funds for team volunteer events.

More than 15 percent of our employees use our matching gift program to make financial contributions to charities. We hope to increase the number of participants to 50 percent of employees by FY10. From August 2006 through July 2007, Cisco Citizens helped administer more than 230 team match campaigns. On average, about 45 active fund-raising campaigns are underway at any given time. These campaigns resulted in \$550,000 in employee donations in FY07. The Cisco Foundation has matched more than \$490,000 of those donated funds.

The Cisco Leadership Fellows program exemplifies how Cisco people and technology come together to make a difference in the community. Created in 2004, the Leadership Fellows program places top-performing employees in local community organizations, where they use Cisco solutions and their own know-how to help expand and enhance the services the organization offers its clients. This program is also a unique way for employees to develop their leadership skills. Leadership Fellows learn to adapt, negotiate, collaborate, and consult in new ways, which serves them well in advancing social goals and their careers at Cisco.



Cisco Civic Councils

Employees in 35 Cisco Civic Councils worldwide plan local volunteer projects, develop nonprofit partnerships, identify opportunities for product and cash grants, and solicit feedback from our nonprofit partners to monitor the effectiveness of our social programs.

As of July 31, 2007, 7446 Cisco employees have logged about 130,000 hours of service during FY07. Some examples:

- The Cisco employees who participate in the Australia/New Zealand Civic Council have enlisted Students in Free Enterprise (SIFE) University to help apply business rigor to their social investments. This year the council established a Community Voice Mail pilot, in which phones are provided to homeless people, for a Melbourne-based nonprofit that publishes a magazine sold by the homeless to generate income.
- The Netherlands Civic Council provided \$100,000 worth of Cisco products and €1000 in funds to War Child, an organization that offers psychosocial assistance to children affected by war and armed conflict in 11 countries. In addition, employees affiliated with the council assisted at CliniClowns Theatre, a show for handicapped children, their families, and caregivers.
- The Silicon Valley Civic Council logged more than 50,000 hours of volunteer service this year from the Cisco headquarters campus in San Jose, California. Besides creating a new Website to encourage philanthropy by employees, the council held a large-scale school transformation volunteer event at Costaño School in the city of East Palo Alto, where Cisco employee outreach and volunteerism began more than 20 years ago.

Volunteerism Showcase

Saving Street Kids

The Deepalaya-Swagat Kendra Project is home to 45 street children in New Delhi, India. Sponsored by Cisco employees, the project offers institutional care for underprivileged, vulnerable, and destitute children by providing lodging, education, and vocational skills. "What is most impressive is that the program is completely funded out of pocket by the engineers and team managers in India," says Cisco employee Nirav Sheth.

Getting Goods to the Needy

S.H.I.P. Aid collects clothing, food, antibiotics, bandages, books, and other items and ships them to poverty-stricken villages and rural areas in developing countries. Cisco employee Deron Thorp and others created the grassroots organization to get basic goods to "adopted" communities, and also to help provide suitable conditions and opportunity for youths to receive a quality education. S.H.I.P. Aid sent approximately 17,000 pounds of essential materials to the African nation of Lesotho in April 2007.

Taking Teenage Creativity Public

Coyote Central in Seattle, Washington, helps middle-school youths ages 12–15 to discover their intellectual and creative talents. For the third year running, Cisco employee Jim Rzegocki and his son will raise funds for Coyote Central. Coyote sets up 18 workshops in the heart of Seattle so that 200 kids can try their hands at creative problem-solving in professional workplaces. Since 1986, almost 7,000 youths have participated.

Feeding the Hungry

During this year's "Harvest of Hope" campaign, Cisco contributed \$2.8 million to aid 106 hunger relief agencies. More than \$1 million of that came from personal employee contributions. Food banks across North America benefited from the drive, including the Ottawa Food Bank in Ontario, Canada, which feeds more than 400,000 needy people each month. "Last year we logged 250-plus hours, which represents the efforts of more than 40 Cisco Citizens volunteers," says employee Barbra Snyder.

Serving Underserved Schools

A team of Cisco volunteers donated nearly 100 hours of service during Cisco's Day of Service campaign to the Children's Lovecastle Trust. This organization is dedicated to bringing educational resources, including IT equipment and training, to children in rural and other underserved communities across India. "In addition to the volunteer hours, corresponding grants from the Cisco Foundation will help the charity scale its programs from 6 to 30 schools, giving many more children access to quality education," says volunteer Shruti Gautam.

Rebuilding After the Hurricane

A group of Cisco employees spent a day with Habitat for Humanity in New Orleans helping to rebuild 26 homes that had been destroyed by Hurricane Katrina. They then helped develop processes and inventory tracking systems to make the organization more productive and efficient. "It's a good feeling to know that as Cisco Citizens, we can use our skills to give back to people who are really in need," says volunteer Dave Rubal.

SUMMARY

Corporate social responsibility makes sense from both a humanitarian and a business perspective. Cisco's continuing success depends on a healthy, prosperous, well-educated global population capable of building and maintaining strong socioeconomic systems. With network-driven collaboration empowering individuals and organizations everywhere, there have never been more opportunities to change the world for the better.

Looking to the future, we plan to build on our successes across the spectrum of corporate social responsibility and involvement. Cisco will continue to expand educational opportunities, support human services in underserved regions, encourage volunteerism, promote ecologically sound practices within and outside the company, and strive to bolster our reputation as a good corporate citizen and a great place to work. Relying on solid policies and resourceful employees, we are well-positioned to take on the challenges and opportunities that we will encounter as a company in the global community.





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Asia Pacific Headquarters
Singapore

Europe Headquarters
Amsterdam, Netherlands

Cisco has more than 200 offices worldwide. Addresses, phone numbers, and fax numbers are listed on the Cisco Website at www.cisco.com/go/offices.