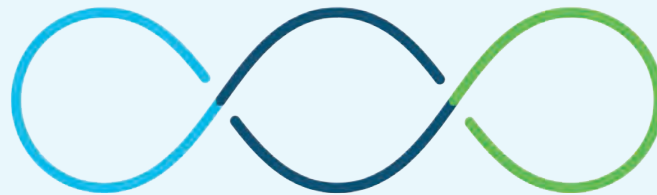# 2018
Annual Report

About Cisco

Cisco (NASDAQ: CSCO) is the worldwide technology leader that has been making the Internet work since 1984. Our people, products, and partners help society securely connect and seize tomorrow's digital opportunity today.

Discover more at thenetwork.cisco.com and follow us on Twitter at @Cisco.

Our Culture

Our People Deal

Our People Deal describes the culture Cisco wants and needs to lead in our industry. It is a deal because there are two sides—what our people can expect from Cisco and what we ask in return—and because every mature relationship needs both give and take.

These three pillars make up our unique experience at Cisco:

connect everything

innovate everywhere

benefit everyone

We **connect everything**—people, process, data, and things—and we use those connections to help change our world for the better. And we're doing it faster than ever before, in ways we believe no one else can.

We **innovate everywhere** to create fresh ideas and possibilities. We take bold risks to shape the future because we understand every failure is a success if we learn from it.

We support each other and work together to create shared success that will **benefit everyone**. The future of Cisco, the growth of our customers and partners, and the lives of people around the world—they're all connected.

Introduction to Summary Report

This section provides an overview of Cisco. It does not contain all of the information you should consider. Please review our Annual Report on Form 10-K, our Proxy Statement for our 2018 Annual Meeting of Shareholders, and our Corporate Social Responsibility (CSR) Report, all available on our corporate website.

Fiscal 2018 Summary Report

Online Report

2018
Annual Report

To see our interactive online report visit our Annual Reports webpage. We welcome any feedback you may have.

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.

Letter to Shareholders

"With our commitment to providing a highly secure, intelligent platform for digital business, Cisco is firmly focused on being the most strategic partner for our customers."

To our shareholders,

Fiscal 2018 was a great year for Cisco. As I look back, I am incredibly proud of the tremendous progress we have made. We returned to growth while transforming our business model, we executed well against our strategy, and our innovation pipeline has never been stronger. I could not be more excited about our future.

Harnessing the power of connections

In today's complex, hyperconnected cloud world, agility, security, and speed are critical. To thrive, companies must be able to understand and securely harness the power of their connections, find patterns and intelligence in data, and anticipate and respond to shifting market conditions and stakeholders' needs. Our strategy is aligned with the changing needs of our customers. With our commitment to providing a highly secure, intelligent platform for digital business, Cisco is firmly focused on being the most strategic partner for our customers and helping them succeed in today's world.

The broad adoption of multicloud environments is changing the way our customers build and secure their IT infrastructure, and Cisco is at the center of this transition. Our highly secure, intelligent platform provides a critically important component: the ability to move workloads seamlessly across public and private clouds while ensuring that our customers' security policies are applied effectively. In fiscal 2018, we continued to innovate to manage complexity, deliver solutions, and enable applications for this environment. We have also extended our broad partnership ecosystem and have been working

closely with the major cloud providers. We are simplifying how our customers work by providing consistent experiences in on-premises and public-cloud environments for the development, deployment, and management of applications, and we believe Cisco is very well positioned to benefit from the increasing adoption of multicloud.

This past year we have also seen incredible momentum with our intent-based networking platform. Our customers are looking to have simplified, automated networks, and Cisco is delivering a fundamentally new, closed-loop system that is powered by intent and informed by context, constantly learning and adapting. The 2014 launch of our Application Centric Infrastructure (Cisco ACI)—policy-based automation for the data center—was our first step. We then brought intent-based networking to the access network with the launch of the Cisco Catalyst 9000 series of switches, Software-Defined Access (SD-Access), and DNA Center—a centralized management dashboard. Our Catalyst 9000 series of switches has become the fastest ramping product in Cisco's history—testament, we believe, to its ability to future-proof networks; to integrate automation, security and analytics; and to free up operating expenses and resources for our customers.

We have now extended SD-Access and DNA Center to the Internet of Things (IoT) environment, as well as extended Cisco ACI to the public cloud with Cisco ACI Anywhere. We have closed the loop with the addition of

network assurance capabilities, providing continuous verification of the network's intent, and offering insights and visibility into network policy and actions. We intend to extend open, programmable access across the entire network as we build an ecosystem around our intent-based networking portfolio.

Inevitably, as connections multiply, the threat landscape continues to grow and the concept of a security perimeter disappears. Security is fundamental across our portfolio and is foundational to all we do at Cisco. Our strategy is to simplify and increase security efficacy through an architectural approach, with products that work together and share analytics and actionable threat intelligence. We have been working hard to build an end-to-end security architecture from the endpoint to the network to the cloud, covering the entire attack continuum.

Shortly after the end of fiscal 2018, we announced our intention to acquire Duo Security to expand our cloud security capabilities. Duo's multifactor authentication solution verifies the identity of users and the health of their devices before granting them access to applications, helping prevent cybersecurity breaches. Duo's relevance within the context of our intent-based networking strategy spans the entire extended enterprise. Its portfolio of cloud-delivered solutions will help enable what our customers require in today's multicloud world: the ability to securely connect any user on any device to any application on any network.

Key Milestones

300+ projects completed or under way as part of Cisco's Country Digital Acceleration (CDA) program, encompassing economic development, entrepreneurship and innovation, research and education, and national infrastructures

500,000+ registered users in DevNet, Cisco's developer program

1.87 million students in 180 countries participating in Cisco's Networking Academy in fiscal 2018

With intent-based networking, we have not only changed the building blocks for networks but have created a platform for innovation across our entire portfolio. In fiscal 2018, we introduced new wide-area network (WAN) offerings through the integration of Viptela's SD-WAN capabilities with our core portfolio, as well as new access and data center offerings. With the integration of AppDynamics, we continued to develop our analytics capabilities, bringing end-to-end visibility and analytics from the end user to the network to the application. We also introduced new developer capabilities spanning all network domains through our DevNet program.

We are dedicated to creating better experiences for our customers and employees, and one way we do this is through our collaboration portfolio. In fiscal 2018, we created a new integrated meetings experience with Cisco Webex and added cloud calling and contact center solutions through the acquisition of Broadsoft and integration with Google. With the acquisition of Accompany, we are adding more intelligence and contextual information to meeting and team collaboration experiences.

Cultivating success

Our relationships with our customers are changing from transactional to lifecycle, so we have created a Customer Experience organization to help ensure their success at every stage of their digitization journey. Our commitment to our customers' success also drives our belief that it is essential to have a diversity of experiences and perspectives on our leadership team to yield the best results.

We are committed not only to our customers but also to making a difference in the world and solving some of the world's greatest challenges. Two years ago we set a goal to positively impact one billion people by 2025, and every day we come a step closer through our focus on educating the workforce of the future through the Cisco Networking Academy, building stronger communities, and applying our resources to the most pressing societal issues.

Transforming our business model

As we integrate our products and services into architectures, we are selling more software and subscription-based offerings. These are designed to provide our customers with flexibility and continuous value, and at the same time they help us to shift our business model to more recurring revenue streams.

In fiscal 2018, we delivered strong top-line growth and profitability, reporting our highest-ever revenue of $49.3 billion. Recurring offers accounted for 32% of our total revenue in fiscal 2018, and revenue from subscriptions was 54% of our software revenue. Our intention is to continue to drive recurring revenues by applying a subscription-based model to many of the new products we launch and ultimately across our entire portfolio.

Our balance sheet remains strong, and we generated $13.7 billion in operating cash flow in fiscal 2018. We returned $23.6 billion to shareholders, comprising $6.0 billion of dividends and $17.7 billion of share repurchases.

Capitalizing on our opportunities

Our solid performance in fiscal 2018 demonstrates a combination of strong customer adoption of our latest solutions, the ongoing value customers see in our software and subscription offerings, and excellent execution. Our customers are looking for us to provide even greater value to them by redesigning their IT architecture; delivering security; and building, orchestrating, and managing applications. We are delivering solutions that matter to our customers, our strategy is working, and we believe we are well positioned to capture growth across our portfolio.

We are looking forward to fiscal 2019 with a clear focus on growth, execution, and innovation. We will continue to drive automation, security, and analytics across the entire network infrastructure. We will also leverage our assets and the power of connections across our portfolio and create an architecture designed to support our customers' success—all the way from IoT to multicloud—in a way that only Cisco can.

Thank you for your continued support.

Charles H. Robbins
Chairman and Chief Executive Officer
October 17, 2018

Partnership with Global Citizen, whose mission is to eradicate poverty by 2030

Five-year, $50 million commitment to "Destination: Home," a nonprofit organization, to help end homelessness in Silicon Valley

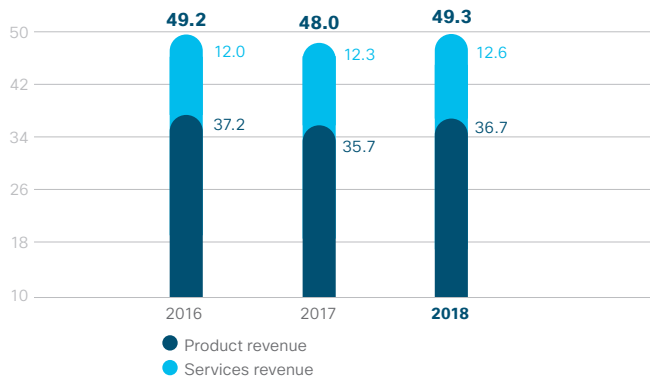**440 million** people positively impacted by our cash grant investments

$383 million Cisco and Cisco Foundation cash and in-kind contributions in fiscal 2018
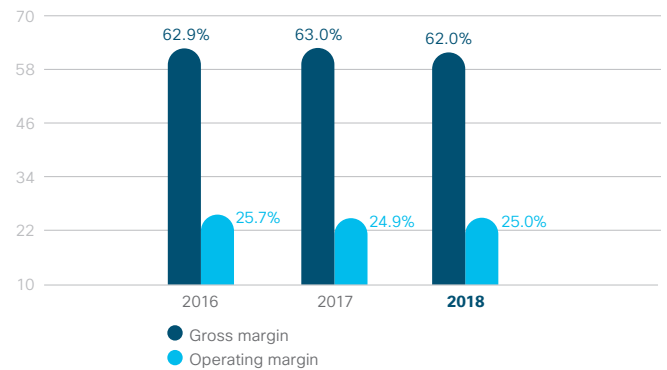
Financial Highlights for Fiscal 2018

"We executed well, with strong top-line growth. We're seeing the returns on the investments we're making in innovation and driving the shift to more software and subscriptions, delivering long-term growth and shareholder value."
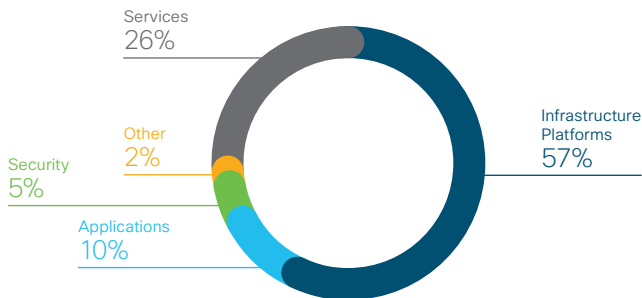
– Kelly Kramer, CFO

Revenue trend ($B)

- ● Product revenue
- ● Services revenue

	2016	2017	2018
Total	49.2	48.0	49.3
Services	12.0	12.3	12.6
Product	37.2	35.7	36.7

Margins (%)

- ● Gross margin
- ● Operating margin

	2016	2017	2018
Gross margin	62.9%	63.0%	62.0%
Operating margin	25.7%	24.9%	25.0%

Revenue by product category and services

- Services 26%
- Other 2%
- Security 5%
- Applications 10%
- Infrastructure Platforms 57%

Operating cash flow ($B)

- ● Operating cash flow

2016	2017	2018
13.6	13.9	13.7

Revenue by geographical segment

- APJC 16%
- EMEA 25%
- Americas 59%
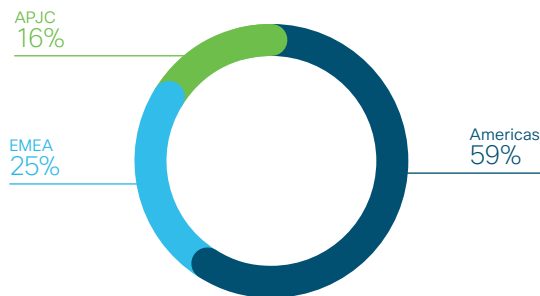
Financial Highlights for Fiscal 2018
Capital Allocation

Primary uses of cash

- CapEx 2%
- Acquisitions 8%
- Dividends 17%
- Repayment of debt 23%
- Share repurchases 50%
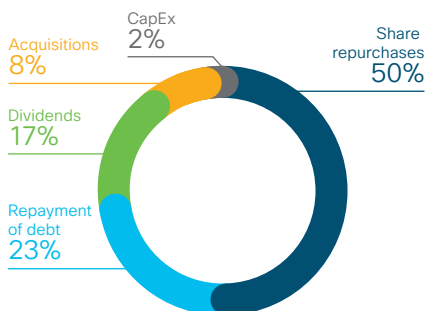
Share repurchases and diluted share count (M)

148 (2016)
118 (2017)
432 (2018)

5,088 (2016)
5,049 (2017)
4,881 (2018)

● Absolute number of shares repurchased (millions)
— Diluted share count (millions)

Dividends paid per share ($)

0.94 (2016)
1.10 (2017)
1.24 (2018)
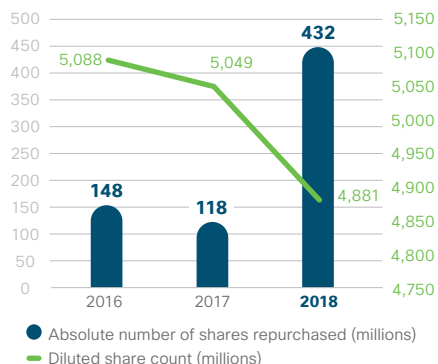
● Dividends paid per share ($)
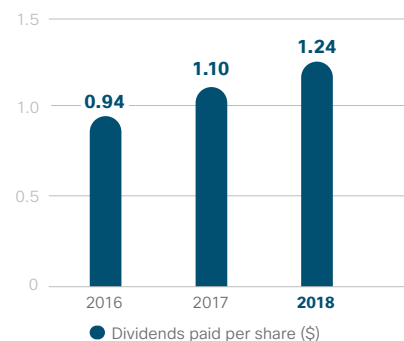
Acquisitions closed in fiscal 2018

viptela
July 2017

Infrastructure Platforms—
Routing and Switching

A software-defined wide area network (SD-WAN) solution that simplifies management, increases agility, and reduces costs of interconnecting dispersed enterprise networks

observable networks
July 2017

Security

Cloud-native network forensics security applications delivered as a service

springpath
September 2017

Infrastructure Platforms—
Data Center Computing

A distributed file system purpose-built for hyperconvergence that enables server-based storage systems

PERSPICA
October 2017

Applications—AppDynamics

Machine learning and data processing technology and expertise

cmpute.io
December 2017

Infrastructure Platforms—Cloud

A software solution that analyzes cloud-deployed workloads and consumption patterns and identifies cost-optimization strategies

broadsoft
February 2018

Applications—Unified Communications

Cloud calling and contact center solutions

SKYPORT SYSTEMS
February 2018

Infrastructure Platforms—
Data Center Computing

Cloud-managed, hyperconverged systems that run and protect business-critical applications

ACCOMPANY
May 2018

Applications—Collaboration

An AI-driven relationship intelligence platform for finding new prospects, navigating the selling process, and strengthening relationships

Our Strategy

As our customers add billions of new connections to their enterprises, and as more applications move to a multicloud environment, we believe the network continues to be extremely critical.

We believe that our customers are looking for intent-based networks that provide meaningful business value through automation, security, and analytics. Our vision is to deliver highly secure, software-defined, automated, and intelligent platforms for our customers. Our strategic priorities include accelerating our pace of innovation, increasing the value of the network, and transforming our business model.
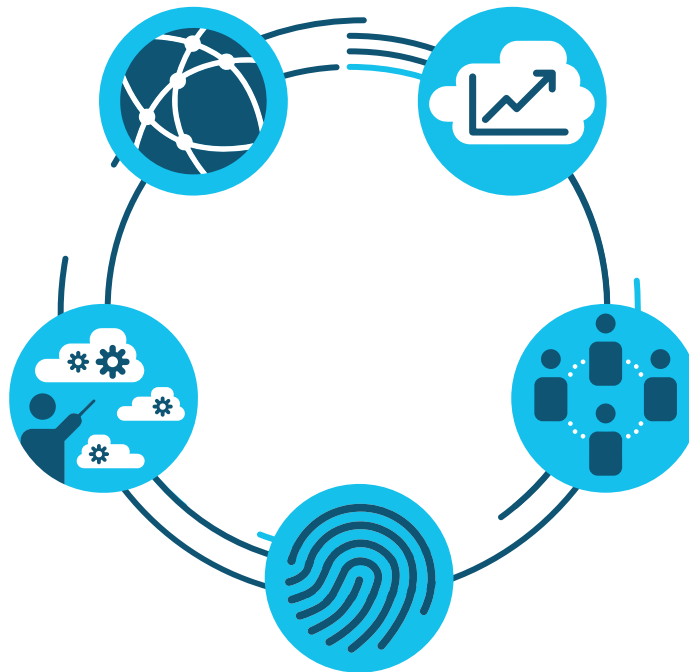
Accelerating Our Pace of Innovation and Increasing the Value of the Network

Reinvent the network

Our intent-based networking platform is designed to be intelligent, highly secure, powered by intent and informed by context—features aiming to constantly learn, adapt, automate, and protect to optimize network operations and defend against an evolving cyberthreat landscape.

Unlock the power of data

We believe the network will play an even more critical role in enabling customers to aggregate, automate, and draw actionable insights from highly distributed data, where there is a premium on security and speed.

Power a multicloud world

Our cloud strategy is to deliver solutions designed to simplify, secure, and transform how customers work in this multicloud world to maximize business outcomes. We offer a solution for all cloud environments.

Create meaningful experiences

Our strategy is to make collaboration more effective and comprehensive and less complex by creating innovative solutions through combining the power of software, hardware, and the network.

Security is foundational

Our security strategy is focused on delivering an effective cybersecurity architecture combining network, cloud, and endpoint solutions. Through our industry-leading Cisco Talos offering, we intend to protect against and provide security across the entire attack continuum—before, during, and after a cyberattack—and to help customers shorten the time between threat detection and response.

Transforming Our Business Model

We are transforming our offerings to meet the evolving needs of customers. We are developing and selling more software and subscription-based offerings, which we expect will increase the amount of our recurring revenue. Historically, our various networking technology products have aligned with their respective product categories. However, increasingly our offerings are crossing multiple product categories. As our core networking evolves, we expect we will add more common software features across our core networking platforms.

Cisco's Executive Leadership Team

Cisco's Executive Leadership Team brings a diverse set of experiences 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.

Chuck Robbins
Chairman and
Chief Executive Officer

Mark Chandler
Executive Vice President,
Chief Legal Officer, and
Chief Compliance Officer

Amy Chang
Senior Vice President,
Collaboration
Technology Group

Gerri Elliott
Executive Vice President
and Chief Sales and
Marketing Officer

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

Anuj Kapur
Senior Vice President and
Chief Strategy Officer

Francine Katsoudas
Executive Vice President and
Chief People Officer

Kelly A. Kramer
Executive Vice President and
Chief Financial Officer

Maria Martinez
Executive Vice President
and Chief Customer
Experience Officer

Mark Patterson
Senior Vice President and
Chief of Staff to the CEO

Irving Tan
Senior Vice President,
Operations

Michael Timmeny
Senior Vice President
and Chief Government
Strategy Officer

Male
58%

Female
42%

Executive Leadership Team diversity

We believe it is essential to have a diversity of experiences and perspectives on our Executive Leadership Team to yield the best results.

Governance and Responsibility

Cisco is committed to shareholder-friendly corporate governance and the Board of Directors has adopted clear corporate policies that promote excellence in corporate governance.

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 2018, we held meetings and conference calls with investors representing approximately 32% 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.

Risk Management Approach

We believe that risk is inherent in innovation and the pursuit of long-term growth opportunities. Cisco's management is responsible for day-to-day risk management activities. The Board of Directors, acting directly and through its committees, is responsible for the oversight of risk management. With the oversight of the Board of Directors, Cisco has implemented practices and programs designed to help manage the risks to which we are exposed in our business and to align risk-taking with our efforts to increase shareholder value.

Cisco's management has implemented an enterprise risk management (ERM) program designed to work across the business to identify, assess, govern, and manage risks and Cisco's response to those risks. Cisco's internal audit function performs an annual risk assessment, which is utilized as part of the ERM program. The structure of the ERM program includes both an ERM operating committee that focuses on risk management-related topics, and an ERM executive committee consisting of members of senior management. The ERM operating committee conducts global risk reviews and generally provides biannual updates to the ERM executive committee.

The Audit Committee, which oversees financial and risk management policies including data protection (comprising both privacy and security), receives regular reports on ERM from the chair of the ERM operating committee and regular reports on cybersecurity from Cisco's Chief Security and Trust Officer. Other board committees oversee specific categories of risk associated with their respective areas of responsibility. The Board of Directors regularly discusses core subjects with senior management, including strategy, operations, information systems, finance, and legal and public policy matters, in which risk management is an inherent element.

Policies and Practices

We have adopted these 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.

- ✔ Shareholder proxy access
- ✔ Annual election of all directors (since IPO)
- ✔ Majority voting (since 2007)
- ✔ Robust lead independent director role
- ✔ Shareholder right to call a special meeting (since IPO)

- ✔ No poison pill
- ✔ Recoupment policy (since 2008)
- ✔ Stock ownership guidelines for directors and executive officers
- ✔ Shareholder recommendations for director candidate to the board
- ✔ Shareholder right to act by written consent (since IPO)
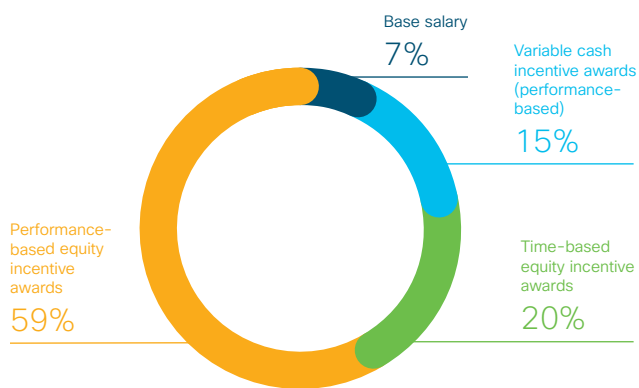
Governance and Responsibility
Executive Compensation

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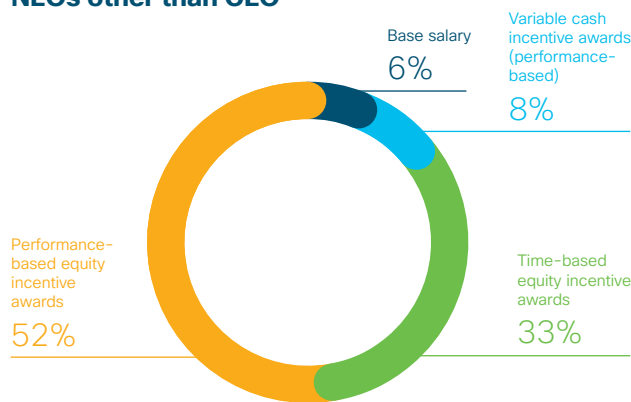
Executive Compensation Highlights

These charts summarize the major elements of target total direct compensation for our CEO and our other named executive officers (NEOs[1]) as a group for fiscal 2018 and demonstrate our continued pay-for-performance philosophy.

CEO

Base salary
7%

Variable cash incentive awards (performance-based)
15%

Performance-based equity incentive awards
59%

Time-based equity incentive awards
20%

NEOs other than CEO

Base salary
6%

Variable cash incentive awards (performance-based)
8%

Performance-based equity incentive awards
52%

Time-based equity incentive awards
33%

Percentages may not total 100% due to rounding.

[1]As defined in our Proxy Statement for our 2018 Annual Meeting of Shareholders.

We apply leading executive compensation practices

- ✔ Independent compensation committee
- ✔ Independent compensation consultant
- ✔ Comprehensive annual compensation program risk assessment
- ✔ Caps on incentive compensation
- ✔ No employment or 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 or executive-defined benefit pension plan
- ✔ No golden parachute tax gross-ups
- ✔ Broad anti-pledging and anti-hedging policies

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

Governance and Responsibility
The Cisco Board of Directors

Cisco's Board of Directors believes strongly in the value of an independent board of directors. Independent board members have consistently comprised over 75% of the members of Cisco's Board of Directors. All members of the key board committees—the Audit Committee, the Compensation and Management Development Committee, and the Nomination and Governance Committee—are independent.

Charles H. Robbins
Chairman and CEO

Age **52**
Director since **2015**
Chairman since **2017**

Skills/Attributes

Mr. Robbins brings to the Board of Directors extensive industry, company and operational experience acquired from having served as Cisco's CEO since 2015, and prior to that from having led 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 played a key role in leading and executing many of Cisco's investments and strategy shifts to meet its growth initiatives.

Carol A. Bartz
Lead Independent Director

Age **70**
Director since **1996**

Skills/Attributes

Committees
C N

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.

(Retiring from the Board in December 2018)

M. Michele Burns
Independent Director

Age **60**
Director since **2003**

Skills/Attributes

Committees
AU C F

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.

Michael D. Capellas
Independent Director*

Age **64**
Director since **2006**

Skills/Attributes

Committees
AQ F

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.

*The Board has appointed Michael Capellas as Lead Independent Director effective upon Mr. Capellas' re-election to the Board of Directors.

Mark Garrett
Independent Director

Age **60**
Director since **2018**

Skills/Attributes

Committees
AU

Mr. Garrett brings to the Board of Directors extensive history of leadership in finance and accounting in the technology industry, including experience in the transformation and transition to the cloud. Mr. Garrett also has experience as a public company outside director.

Dr. John L. Hennessy
Independent Director

Age **66**
Director since **2002**

Skills/Attributes

Committees
N AQ

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.

(Retiring from the Board in December 2018)

Key to skills/attributes

Leadership   Technology   Financial experience   Global business   Gender/ethnic diversity   Sales and marketing   Academia   Public company board experience

Board Snapshot

Board governance structure

Independent directors **91%**

Nonindependent directors **9%**

Board diversity

Male **73%**

Female **27%**

Balanced director tenure

● ● ● ●　　● ●　　● ● ● ● ●

0-7 years **4**　　8-14 years **2**　　15+ years **5**

Dr. Kristina M. Johnson
Independent Director

Age **61**
Director since **2012**

Skills/Attributes

Committees N AQ

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 chancellor, 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

Age **68**
Director since **2003**

Skills/Attributes

Committees AU C

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.

Arun Sarin, KBE
Independent Director

Age **63**
Director since **2009**

Skills/Attributes

Committees AU AQ

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

Age **48**
Director since **2017**

Skills/Attributes

Committee C

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
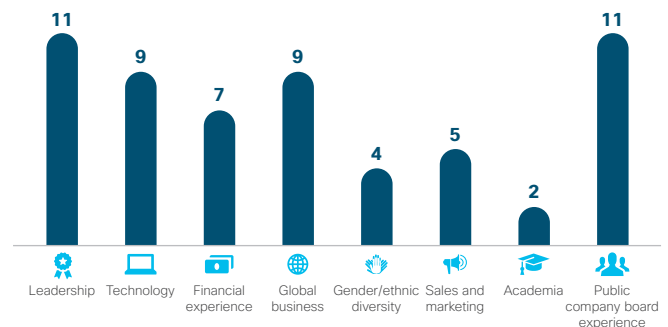
Age **63**
Director since **1996**

Skills/Attributes

Committees AU F

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, 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 was named to the NACD Directorship 100 in 2018. He is also a frequent speaker on audit committee and cybersecurity related issues. In addition, Mr. West has knowledge of Cisco acquired through more than 20 years of service on the Board of Directors.

Board skills and attributes
(number of Board members)

Skill	Count
Leadership	11
Technology	9
Financial experience	7
Global business	9
Gender/ethnic diversity	4
Sales and marketing	5
Academia	2
Public company board experience	11

Corporate Social Responsibility

Cisco pioneered the technology that connects everything and has now developed intent-based technologies that are constantly learning and adapting to provide customers with a highly secure, intelligent platform for their digital businesses. 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.

Cisco Connects

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.

People
- Attracting and retaining top talent
- Inclusion and collaboration
- Employee community impact

Society
- Building skills and entrepreneurship
- Strategic social investments
- Human rights
- Responsible sourcing and manufacturing

Planet
- Energy and greenhouse gas reduction
- Responsible resource use

Culture of integrity

Key Initiatives and Progress Toward Goals

People

80%

Achieve 80% employee engagement (through volunteering or making donations) by 2020

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, more agile, and ultimately more successful.

At Cisco, our commitment to inclusion starts at the top. Women comprise 42% of our executive leadership team (ELT). Based on gender and ethnicity, our ELT is 58% diverse—making it one of the most diverse executive teams in our industry. We have driven broad improvements in representation across our global company 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 to accelerate and develop diverse talent,

engage our employee community, advocate for a future of fairness, and impact society.

Our people are passionate about sharing their time and talents to help others in the community, and we want everyone to have time to participate in community-helping activities, so we offer full-time employees five days off per year to volunteer through a program we call Time2Give. Additionally, the Cisco Foundation matches volunteer time and employee donations up to $10,000 per employee per year, which is one of the most generous matching gift policies in the industry.

During fiscal 2018, employee community engagement, measured by the proportion of employees volunteering or making donations, increased by approximately 2 percentage points compared to fiscal 2017, to 46%.

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. Our nonprofit partners report that our cash grant investments positively impacted 208 million people in fiscal 2018. This represents an increase of 54 million from the fiscal 2017 number of 154 million. The cumulative total since we announced the initiative in fiscal 2016 is 440 million, 44% of our goal of positively impacting one billion people by 2025.

Our strategic investment in the Cisco Networking Academy helps countries meet industry demand for a digitally skilled workforce by providing a comprehensive learning experience. With 1.87 million students in 180 countries participating in the Cisco Networking Academy in fiscal 2018, we made tremendous progress toward our goal of reaching two million Cisco Networking Academy Students per year by 2021.

In fiscal 2018, cash and in-kind contributions from Cisco and the Cisco Foundation totaled $383 million.

Ethical sourcing is an important facet of our ethical conduct strategy. Suppliers must acknowledge their commitment to our Supplier Code of Conduct, which is based on the Supplier Code of Conduct put forth by the Responsible Business Alliance (RBA). We have also expanded our Conflict Minerals Program to become a Raw Materials Sourcing Program, which now includes additional minerals such as cobalt.

1 billion
Positively impact one billion people by 2025

2 million
Reach two million Cisco Networking Academy students per year by 2021

Planet

In fiscal 2017, Cisco met its five-year greenhouse gas (GHG) goal to reduce Cisco's worldwide Scope 1 and 2 GHG emissions by 40% in absolute terms compared to our fiscal 2007 baseline. Early in fiscal 2018, we announced new, five-year GHG and renewable electricity goals, continuing along the roadmap recommended by the Intergovernmental Panel on Climate Change in 2007.

Through the end of fiscal 2017, we had invested more than $50 million—with a payback of less than four years—in 450 energy efficiency and renewable energy projects to meet our just completed, five-year 40% reduction goal. We are planning to invest $45 million over the next five years to meet our fiscal 2022 goals.

As part of the Platform for Accelerating the Circular Economy (PACE), at the World Economic Forum in Davos in early 2018, Cisco Chairman and CEO Chuck Robbins pledged, as part of Cisco's sponsorship of the circular economy, the following: provide product return pickup and transport at no cost for any customer worldwide; return used product to Cisco; establish alternative commercial models to promote product return; offer comprehensive warranty, replacement, service, and repair for all products; and repurpose returned products and components, including closed-loop return to new product manufacturing.

60%
Reduce Scope 1 and 2 GHG emissions worldwide by 60% absolute by fiscal 2022 (fiscal 2007 baseline)

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

Governance and Responsibility
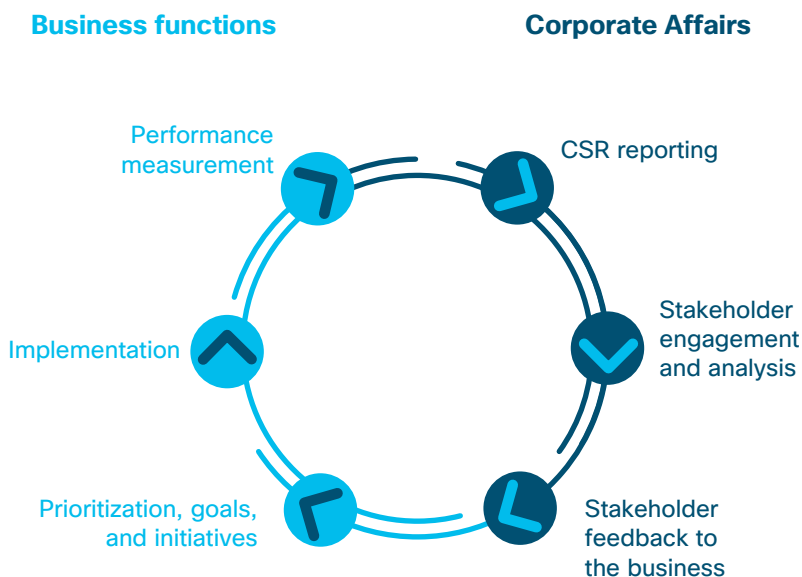## CSR Governance and Recognition

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.

CSR Governance and Management

Cisco Corporate Affairs leads our social investment programs and champions our commitment to CSR performance and transparency. This team engages with internal and external stakeholders and leads CSR materiality assessment and reporting activities, which are aligned with standards set by the Global Reporting Initiative (GRI). The team assesses and monitors CSR priorities, establishes corporate CSR strategy, drives process for CSR management, and provides guidance and coordination across business functions.

CSR priorities are owned by business functions and are integrated into ongoing business strategy and planning. Business functions set CSR goals, implement plans, and measure performance. Where a cross-functional approach is needed, we establish teams to implement our commitments.

Cisco CSR Business Process

Business functions

Corporate Affairs

- Performance measurement
- CSR reporting
- Stakeholder engagement and analysis
- Implementation
- Stakeholder feedback to the business
- Prioritization, goals, and initiatives

Recognition

Earned the number one spot on **Barron's 100 Most Sustainable Companies** list (based on a review of 1000 publicly traded companies headquartered in the United States)

Earned **Newsweek's Green Ranking** – coming in fifth in its global list and ranking as the number one IT company worldwide

Named to **Corporate Knights' Global 100** list of the most sustainable corporations, coming in at number seven

Ranked third on **Fortune's 50 Best Workplaces for Giving Back**

Won a **Smart Energy Decisions Innovation Award** for Cisco's Global EnergyOps Program

Ranked in **Dow Jones Sustainability North America and World Index** for 2018

Made seventh appearance on the **CDP's Performance Leadership Index/ Climate A List**. Fiscal 2018 represents our 14th year reporting to CDP (formerly Carbon Disclosure Project)
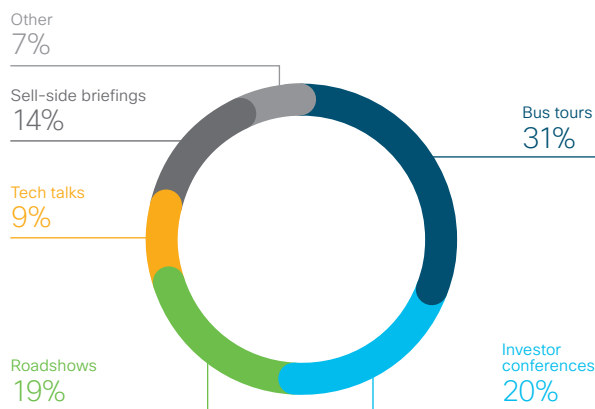
For more information about our performance, see our CSR website at csr.cisco.com. Our full fiscal 2018 CSR report will be published in December 2018.

Investor Relations

The latest information about our earnings and stock performance, as well as presentations and webcasts, can be found on our Investor Relations website.
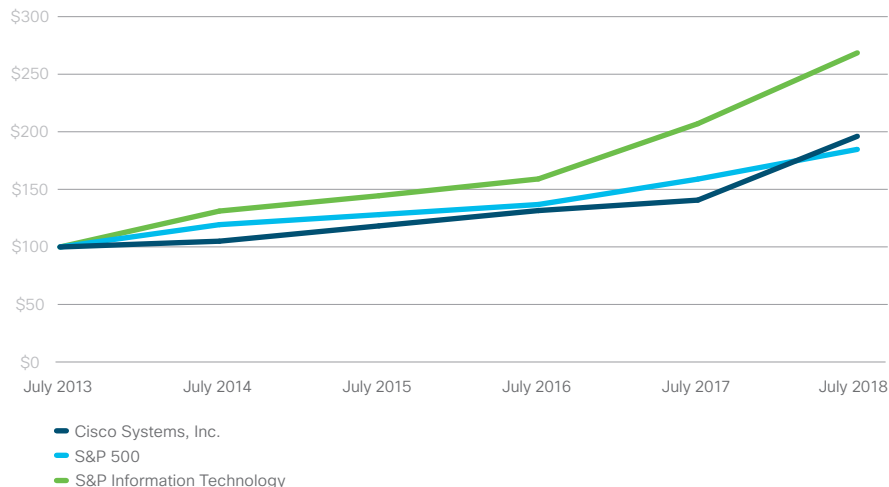
Learn more at investor.cisco.com.

Our fiscal **2018** investor engagement by number of events

Other
7%

Sell-side briefings
14%

Tech talks
9%

Roadshows
19%

Bus tours
31%

Investor conferences
20%

For webcasts and additional information, view our events calendar.

Comparison of five-year cumulative total return

- Cisco Systems, Inc.
- S&P 500
- S&P Information Technology

This 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.

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)

Shareholder Information and Forward-Looking Statements

Executive Officers

Charles H. Robbins
Chairman and Chief Executive Officer

Mark Chandler
Executive Vice President, Chief Legal Officer, and Chief Compliance Officer

Gerri Elliott
Executive Vice President and Chief Sales and Marketing Officer

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

Kelly A. Kramer
Executive Vice President and Chief Financial Officer

Maria Martinez
Executive Vice President and Chief Customer Experience Officer

Irving Tan
Senior Vice President, Operations

Principal Accounting Officer

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

Resources

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

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http://investor.cisco.com
Cisco's stock trades on the NASDAQ Global Select Market under the ticker symbol CSCO.

Independent Registered Public Accounting Firm
PricewaterhouseCoopers LLP
San Jose, California

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Toll-free: 1 800 254 5194
International: 1 781 575 2879

Notice of Annual Meeting
Cisco Systems, Inc.
Building 9
260 East Tasman Drive
San Jose, CA 95134
Wednesday, December 12, 2018
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, malware, 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 28, 2018, 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.

The papers used 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 by a facility in North America which uses exclusively vegetable based inks, 100% renewable wind energy, and releases zero VOCs into the environment.

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