



Q1 Fiscal Year 2015 Conference Call

November 12, 2014



FORWARD-LOOKING STATEMENTS

This presentation contains projections and other forward-looking statements regarding future events or the future financial performance of Cisco, including future operating results. These projections and statements are only predictions. Actual events or results may differ materially from those in the projections or other forward-looking statements. Please see Cisco's filings with the SEC, including its most recent filing on Form 10-K, 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.

GAAP RECONCILIATION

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

<http://investor.cisco.com/financialstatements.cfm>



- Business Momentum & Key Trends
- Financial Overview
- Guidance
- Summary and Q&A

Q1 FY'15 Highlights

- Our strongest Q1 ever in terms of revenue, non-GAAP operating income, non-GAAP EPS
 - Grew revenues this quarter to \$12.2B, up 1% y/y
 - Generated \$2.5B in operating cash flow
 - Returned close to \$2B to shareholders through share repurchases and dividends
- Delivered non-GAAP earnings per share of \$0.54
 - Strong non-GAAP gross margin of 63.3%
 - non-GAAP operating margin of 29.2%



Q1 FY'15 Key Takeaways

- Managing well in tough environment
- Seeing results of our 3+ year transformation work, moving from selling boxes to selling solutions, and leading with innovation, speed, and efficiency as we disrupt the market
- Leading the technology and business transitions in the market



Q1 FY'15 Product Orders: Geographic Regions & Customer Segments

Geographic Region	Y/Y % Change
Americas	2%
EMEA	6%
APJC	(12%)
Total Cisco	1%

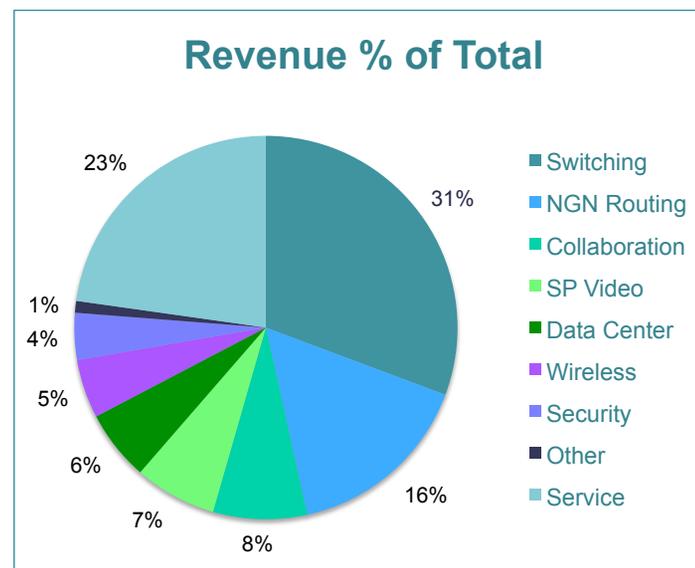
Customer Segment	Y/Y % Change
Enterprise	2%
Public Sector	13%
Commercial	5%
Service Provider	(10%)
Total Cisco	1%

Product Book to Bill

Below 1

Q1 FY'15 – Revenue Highlights

	\$M	Y/Y % Change
Switching	\$3,846	3%
NGN Routing	1,949	(4%)
Collaboration	949	(10%)
Service Provider Video	871	(12%)
Data Center	693	15%
Wireless	605	11%
Security	455	25%
Other Products	67	(16%)
Service	2,810	5%
Total Cisco	\$12,245	1%



Percentages may not add up to 100% due to rounding

Certain reclassifications have been made to the amounts for prior years in order to conform to the current year's presentation. Historical revenue by product category and service is available on our website at <http://investor.cisco.com> under "Financial Reporting" in the "Investor Relations" section.

Q1 FY'15 Areas of Strength

- EMEA was a highlight...orders grew 6% y/y
 - Strong performance in UK up 20% y/y
 - Germany up 6% y/y
 - Southern Europe grew approx. 20% y/y
- U.S. Public Sector very strong quarter with order growth 22% y/y...U.S. Federal grew 34% y/y
- Routing...ASR 9K double digit order growth y/y
- Switching revenue grew 3% y/y...driven by strength in data center switching portfolio
 - Nexus 9K over 900 customers...More than doubled paying customer adoption of APIC
 - Record 600 new customers signed for Nexus 3K including several major Web 2.0 providers
- Security revenue grew 25% y/y...innovation engine in security is strong
- Wireless revenue grew 11% y/y strong momentum in 802.11 ac portfolio
- Services revenue grew 5% y/y



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Q1 FY'15 non-GAAP Income Statement Highlights



\$M (except per-share amounts and percentages)	Q1 FY'14	Q4 FY'14	Q1 FY'15
Revenue	\$12,085	\$12,357	\$12,245
<i>Year/Year Change</i>	2%	0%	1%
Product	9,397	9,532	9,435
Service	2,688	2,825	2,810
Gross Margin	63.0%	61.8%	63.3%
Product Gross Margin	62.0%	60.3%	62.5%
Service Gross Margin	66.6%	66.8%	66.0%
Operating Expenses	4,073	4,181	4,176
OPEX (% of Revenue)	33.7%	33.8%	34.1%
Operating Income (% of Revenue)	29.3%	28.0%	29.2%
Net Income	\$2,867	\$2,835	\$2,802
<i>Year/Year Change</i>	12%	0%	(2%)
EPS (diluted)	\$0.53	\$0.55	\$0.54
<i>Year/Year Change</i>	10%	6%	2%

Q1 FY'15 GAAP Income Statement Highlights



\$M (except per-share amounts and percentages)	Q1 FY'14	Q4 FY'14	Q1 FY'15
Revenue	\$12,085	\$12,357	\$12,245
Product	9,397	9,532	9,435
Service	2,688	2,825	2,810
Gross Margin	61.3%	59.9%	59.9%
Product Gross Margin	60.1%	58.3%	58.5%
Service Gross Margin	65.4%	65.5%	64.7%
Operating Expenses	4,952	4,724	4,991
OPEX (% of Revenue)	41.0%	38.2%	40.8%
Operating Income (% of Revenue)	20.3%	21.7%	19.1%
Net Income	\$1,996	\$2,247	\$1,828
<i>Year/Year Change</i>	<i>(5%)</i>	<i>(1%)</i>	<i>(8%)</i>
EPS (diluted)	\$0.37	\$0.43	\$0.35
<i>Year/Year Change</i>	<i>(5%)</i>	<i>2%</i>	<i>(5%)</i>



Q1 FY'15 Geographic Revenue and Gross Margin

	Revenue			Gross Margin Percentage		
	Q1 FY'14	Q4 FY'14	Q1 FY'15	Q1 FY'14	Q4 FY'14	Q1 FY'15
\$M (except percentages)						
Americas	\$7,316	\$7,316	\$7,501	63.6%	62.3%	64.1%
EMEA	2,933	3,109	3,002	64.4%	63.5%	63.8%
APJC	1,836	1,932	1,742	58.8%	57.1%	58.8%
Geographic Total	\$12,085	\$12,357	\$12,245	63.0%	61.8%	63.3%

Historical product revenue is available on our website at <http://investor.cisco.com> under "Financial Reporting" in the "Investor Relations" section.

Capital Allocation



	Q1 FY'14	Q2 FY'14	Q3 FY'14	Q4 FY'14	Q1 FY'15
Share Repurchases (\$M)	\$2,000	\$4,020	\$2,005	\$1,514	\$1,013
Dividends paid (\$M)	\$914	\$896	\$974	\$974	\$973
Total (\$M)	\$2,914	\$4,916	\$2,979	\$2,488	\$1,986

	Q1 FY'14	Q2 FY'14	Q3 FY'14	Q4 FY'14	Q1 FY'15
Dividends per Share	\$0.17	\$0.17	\$0.19	\$0.19	\$0.19

Share Repurchase Program*	Amount Purchased (\$M)	Number of Shares (M)	Avg. Price Per Share
Q1 FY'15 Purchases	\$1,013	41	\$24.58

*Approximately \$7.5B remaining authorized funds in repurchase program as of the end of Q1 FY'15.

Q1 FY'15 Key Financial Measures



	Q1 FY'14	Q4 FY'14	Q1 FY'15
Cash and Cash Equivalents and Investments (\$M)	\$48,201	\$52,074	\$52,107
Operating Cash Flow (\$M)	\$2,649	\$3,612	\$2,491
Accounts Receivables (\$M)	\$5,188	\$5,157	\$4,375
Days Sales Outstanding	39	38	33
Inventory (\$M)	\$1,466	\$1,591	\$1,676
Non-GAAP Inventory Turns	12.1	12.1	11.0
Purchase Commitments (\$M)	\$4,020	\$4,169	\$4,299
Deferred Revenue (\$M)	\$13,207	\$14,142	\$13,744
Product Deferred Revenue (\$M)	\$4,311	\$4,502	\$4,715
Service Deferred Revenue (\$M)	\$8,896	\$9,640	\$9,029
Headcount	75,136	74,042	72,247



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Q&A





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These presentation slides and the related conference call contain forward-looking statements, which are subject to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, among other things, statements regarding future events (such as our strategy, our goal to become the #1 IT company, return of capital to shareholders and the ability of our solutions to drive positive outcomes and enable productivity in our customers' businesses) and the future financial performance of Cisco that involve risks and uncertainties. Readers are cautioned that these forward-looking statements are only predictions and may differ materially from actual future events or results due to a variety of factors, including: business and economic conditions and growth trends in the networking industry, our customer markets and various geographic regions; global economic conditions and uncertainties in the geopolitical environment; overall information technology spending; the growth and evolution of the Internet and levels of capital spending on Internet-based systems; variations in customer demand for products and services, including sales to the service provider market and other customer markets; the return on our investments in certain priorities, including our foundational priorities, and in certain geographical locations; the timing of orders and manufacturing and customer lead times; changes in customer order patterns or customer mix; insufficient, excess or obsolete inventory; variability of component costs; variations in sales channels, product costs or mix of products sold; our ability to successfully acquire businesses and technologies and to successfully integrate and operate these acquired businesses and technologies; our ability to achieve expected benefits of our partnerships; increased competition in our product and service markets, including the data center; dependence on the introduction and market acceptance of new product offerings and standards; rapid technological and market change; manufacturing and sourcing risks; product defects and returns; litigation involving patents, intellectual property, antitrust, shareholder and other matters, and governmental investigations; natural catastrophic events; a pandemic or epidemic; our ability to achieve the benefits anticipated from our investments in sales, 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 filed on September 9, 2014. The financial information contained in these presentation slides and the related conference call should be read in conjunction with the consolidated financial statements and notes thereto included in Cisco's most recent report on Form 10-K as it may be amended from time to time. Cisco's results of operations for the three months ended October 25, 2014 are not necessarily indicative of Cisco's operating results for any future periods. Any projections in these presentation slides and the related conference call are based on limited information currently available to Cisco, which is subject to change. Although any such projections and the factors influencing them will likely change, Cisco will not necessarily update the information, since Cisco will only provide guidance at certain points during the year. Such information speaks only as of the date of these presentation slides and the related conference call.

Supplemental Materials





Q1 FY'15 GAAP to non-GAAP Reconciliation (Operating Income)

	Q1 FY'15
\$M (except percentage)	
GAAP Operating Income	\$2,342
Share-based compensation expense	373
Amortization of acquisition-related intangible assets	252
Patent portfolio charge	188
Acquisition-related costs	101
Restructuring and other charges	318
Total non-GAAP adjustments	\$1,232
Non-GAAP Operating Income	\$3,574
% of Revenue	29.2%