



Q2 Fiscal Year 2013 Post Earnings Industry Analyst Call

February 14, 2013



FORWARD-LOOKING STATEMENTS

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

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>



Q2 FY'13 Takeaways

- Very solid execution on our financial model ...record revenue for 8th quarter in a row, record earnings per share, net income, and non-GAAP operating income; stable gross margins; and strong operating margins
- Driving strong results in most key technology transitions... Data Center/ Cloud, Mobility, Video, Services...despite challenging environment
- See soft global recovery; see improvement in US Enterprise and US Commercial...believe is likely early indicator of future GDP growth
- Committed to our capital return strategy to drive value to our shareholders
- Seeing the results of our focus on innovation, portfolio management and operational discipline ...



Q2 FY'13 non-GAAP Income Statement Highlights

\$M (except per-share amounts and percentages)	Q2 FY'12	Q1 FY'13	Q2 FY'13
Net Sales	\$11,527	\$11,876	\$12,098
Year/Year Growth	11%	6%	5%
Product	9,118	9,297	9,437
Service	2,409	2,579	2,661
Gross Margin	62.4%	62.7%	62.3%
Product Gross Margin	60.9%	61.5%	60.9%
Service Gross Margin	68.0%	66.9%	67.6%
Operating Expenses	3,922	4,128	4,129
OPEX (% of Revenue)	34.0%	34.8%	34.1%
Operating Income (% of Revenue)	28.4%	27.9%	28.2%
Net Income	\$2,563	\$2,569	\$2,722*
Year/Year Growth	23%	11%	6%
EPS (diluted)	\$0.47	\$0.48	\$0.51*
Year/Year Growth	27%	12%	9%

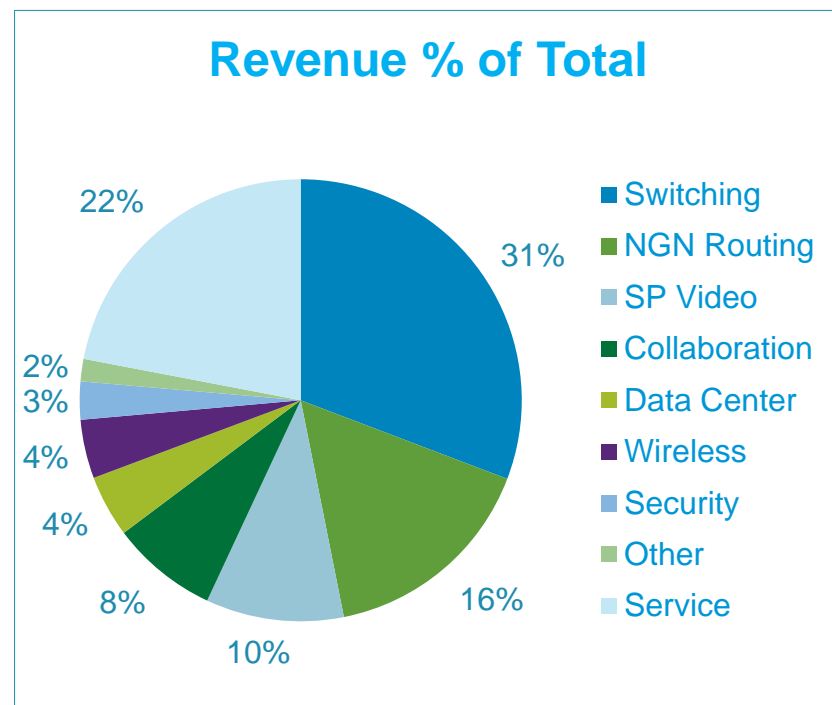
* Includes a tax benefit of approximately \$60 million or \$0.01 per share as a result of the reinstatement on January 2, 2013 of the U.S. federal research and development ("R&D") tax credit.

Q2 FY'13 Tax Benefits

	Tax Benefit Included In:			
	GAAP		Non-GAAP	
	Amount (\$M)	EPS	Amount (\$M)	EPS
IRS Tax Settlement	\$794	\$0.15	—	—
Reinstatement of the R&D Tax Credit				
FY12 Benefit	\$72	\$0.01	—	—
FY13 Benefit	\$60	\$0.01	\$60	\$0.01
Total	\$132	\$0.02	\$60	\$0.01
Total Tax Benefits	\$926	\$0.17	\$60	\$0.01
Q2 FY'13 Effective Tax Rate	(13.1)%		20.0%	

Q2 FY'13 – Revenue Highlights

	Y/Y Growth	
	\$M	%
Switching	3,724	3%
NGN Routing	1,946	(6%)
Service Provider Video	1,220	20%
Collaboration	945	(11%)
Data Center	548	65%
Wireless	520	27%
Security	336	1%
Other Product	198	(29%)
Service	2,661	10%
Total Cisco	\$12,098	5%



Q2 FY'13 Geographic Revenue and Gross Margin

	Net Sales			Gross Margin		
	Percentage					
	Q2 FY'12	Q1 FY'13	Q2 FY'13	Q2 FY'12	Q1 FY'13	Q2 FY'13
\$M (except percentages)						
Americas	\$6,552	\$7,023	\$7,136	62.7%	63.6%	61.8%
EMEA	3,250	2,841	3,093	64.5%	63.3%	64.9%
APJC	1,725	2,012	1,869	57.5%	58.5%	60.0%
Geographic Total	\$11,527	\$11,876	\$12,098	62.4%	62.7%	62.3%

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



Q2 FY'13 Product Orders: Geographic Regions & Customer Segments

Geographic Region	Y/Y Growth %
Americas	2%
EMEA	(6%)
APJC	3%
Total Cisco	0%

Customer Segment	Y/Y Growth %
Enterprise	1%
Public Sector	0%
Commercial*	1%
Service Provider	(1%)
Total Cisco	0%

Product Book to Bill

Slightly under 1

** Includes Consumer*



Q2 FY'13 Key Financial Measures

	Q2 FY'12	Q1 FY'13	Q2 FY'13
Cash and Cash Equivalents and Investments (\$M)	\$46,742	\$45,000	\$46,376
Operating Cash Flow (\$M)	\$3,101	\$2,465	\$3,349
Accounts Receivables (\$M)	\$3,876	\$3,942	\$4,462
Days Sales Outstanding	31	30	34
Inventory (\$M)	\$1,590	\$1,709	\$1,574
Non-GAAP Inventory Turns	10.8	10.5	11.1
Purchase Commitments (\$M)	\$4,192	\$3,725	\$3,824
Deferred Revenue (\$M)	\$12,462	\$12,623	\$13,321
Product Deferred Revenue (\$M)	\$3,984	\$3,870	\$4,266
Service Deferred Revenue (\$M)	\$8,478	\$8,753	\$9,055
Headcount	63,870	72,360	73,482

Capital Allocation



	Q2 FY'12	Q3 FY'12	Q4 FY'12	Q1 FY'13	Q2 FY'13
Share Repurchases (\$M)	\$466	\$550	\$1,800	\$253	\$500
Dividends paid (\$M)	\$322	\$432	\$425	\$744	\$743
Total (\$M)	\$788	\$982	\$2,225	\$997	\$1,243

	Q2 FY'12	Q3 FY'12	Q4 FY'12	Q1 FY'13	Q2 FY'13
Dividends per Share	\$0.06	\$0.08	\$0.08	\$0.14	\$0.14

	Amount Purchased (\$M)	Number of Shares (M)	Avg. Price Per Share
Share Repurchase Program*			
Q2 FY'13 Purchases	\$500	25	\$20.15

* Approximately \$5.1B remaining authorized funds in repurchase program as of the end of Q2 FY'13.

Q&A

To ask a question live, click the “hand” icon on your screen and your line will be un-muted to ask your question

To submit a question online, please submit through the “CHAT” panel and send to “Host and Panelists”



Forward-Looking Statements



These presentation slides and the related conference call contain forward-looking statements, which are subject to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, among other things, statements regarding future events (such as statements regarding innovation, value to shareholders, the goal of becoming the #1 IT company, the future of the intelligent network, Cisco's ability to help customers deliver business results, strategic investment opportunities and industry leadership) 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 reports on Forms 10-Q and 10-K filed on November 20, 2012 and September 12, 2012, respectively. 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 reports on Forms 10-Q and 10-K, as each may be amended from time to time. Cisco's results of operations for the three and six months ended January 26, 2013 are not necessarily indicative of Cisco's operating results for any future periods. Any projections in these presentation slides and the related conference call are based on limited information currently available to Cisco, which is subject to change. Although any such projections and the factors influencing them will likely change, Cisco will not necessarily update the information, since Cisco will only provide guidance at certain points during the year. Such information speaks only as of the date of these presentation slides and the related conference call.





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