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**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, D.C. 20549**

**FORM 10-Q**

(Mark One)  
 **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended January 23, 2021  
or

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Commission file number 001-39940



**CISCO SYSTEMS, INC.**  
(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

77-0059951  
(I.R.S. Employer  
Identification Number)

**170 West Tasman Drive**  
**San Jose, California 95134**  
(Address of principal executive office and zip code)

**(408) 526-4000**  
(Registrant's telephone number, including area code)

**Not Applicable**  
(Former name, former address and former fiscal year, if changed since last report.)

**Securities registered pursuant to Section 12(b) of the Act:**

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock, par value \$0.001 per share	CSCO	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

Number of shares of the registrant's common stock outstanding as of February 11, 2021: 4,221,785,547

**Cisco Systems, Inc.**  
**Form 10-Q for the Quarter Ended January 23, 2021**

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## PART I. FINANCIAL INFORMATION

## Item 1. Financial Statements (Unaudited)

**CISCO SYSTEMS, INC.**  
**CONSOLIDATED BALANCE SHEETS**  
(in millions, except par value)  
(Unaudited)

	January 23, 2021	July 25, 2020
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 11,793	\$ 11,809
Investments	18,795	17,610
Accounts receivable, net of allowance for doubtful accounts of \$102 at January 23, 2021 and \$143 at July 25, 2020	4,307	5,472
Inventories	1,436	1,282
Financing receivables, net	5,027	5,051
Other current assets	2,553	2,349
<b>Total current assets</b>	<b>43,911</b>	<b>43,573</b>
Property and equipment, net	2,386	2,453
Financing receivables, net	5,100	5,714
Goodwill	34,733	33,806
Purchased intangible assets, net	1,462	1,576
Deferred tax assets	4,109	3,990
Other assets	3,900	3,741
<b>TOTAL ASSETS</b>	<b>\$ 95,601</b>	<b>\$ 94,853</b>
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Short-term debt	\$ 5,000	\$ 3,005
Accounts payable	1,867	2,218
Income taxes payable	763	839
Accrued compensation	3,295	3,122
Deferred revenue	11,552	11,406
Other current liabilities	4,791	4,741
<b>Total current liabilities</b>	<b>27,268</b>	<b>25,331</b>
Long-term debt	9,554	11,578
Income taxes payable	8,084	8,837
Deferred revenue	9,294	9,040
Other long-term liabilities	2,280	2,147
<b>Total liabilities</b>	<b>56,480</b>	<b>56,933</b>
Commitments and contingencies (Note 14)		
Equity:		
Cisco shareholders' equity:		
Preferred stock, no par value: 5 shares authorized; none issued and outstanding	—	—
Common stock and additional paid-in capital, \$0.001 par value: 20,000 shares authorized; 4,221 and 4,237 shares issued and outstanding at January 23, 2021 and July 25, 2020, respectively	41,690	41,202
Accumulated deficit	(2,351)	(2,763)
Accumulated other comprehensive loss	(218)	(519)
<b>Total equity</b>	<b>39,121</b>	<b>37,920</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 95,601</b>	<b>\$ 94,853</b>

See Notes to Consolidated Financial Statements.

**CISCO SYSTEMS, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(in millions, except per-share amounts)  
(Unaudited)

	Three Months Ended		Six Months Ended	
	January 23, 2021	January 25, 2020	January 23, 2021	January 25, 2020
<b>REVENUE:</b>				
Product	\$ 8,572	\$ 8,671	\$ 17,159	\$ 18,549
Service	3,388	3,334	6,730	6,615
Total revenue	<u>11,960</u>	<u>12,005</u>	<u>23,889</u>	<u>25,164</u>
<b>COST OF SALES:</b>				
Product	3,044	3,126	6,250	6,650
Service	1,132	1,115	2,274	2,286
Total cost of sales	<u>4,176</u>	<u>4,241</u>	<u>8,524</u>	<u>8,936</u>
<b>GROSS MARGIN</b>	7,784	7,764	15,365	16,228
<b>OPERATING EXPENSES:</b>				
Research and development	1,527	1,570	3,139	3,236
Sales and marketing	2,277	2,279	4,494	4,759
General and administrative	484	455	1,028	974
Amortization of purchased intangible assets	39	38	75	74
Restructuring and other charges	234	42	836	226
Total operating expenses	<u>4,561</u>	<u>4,384</u>	<u>9,572</u>	<u>9,269</u>
<b>OPERATING INCOME</b>	3,223	3,380	5,793	6,959
Interest income	161	242	335	515
Interest expense	(113)	(158)	(225)	(336)
Other income (loss), net	(16)	70	33	82
Interest and other income (loss), net	<u>32</u>	<u>154</u>	<u>143</u>	<u>261</u>
<b>INCOME BEFORE PROVISION FOR INCOME TAXES</b>	3,255	3,534	5,936	7,220
Provision for income taxes	710	656	1,217	1,416
<b>NET INCOME</b>	<u>\$ 2,545</u>	<u>\$ 2,878</u>	<u>\$ 4,719</u>	<u>\$ 5,804</u>
Net income per share:				
Basic	<u>\$ 0.60</u>	<u>\$ 0.68</u>	<u>\$ 1.12</u>	<u>\$ 1.37</u>
Diluted	<u>\$ 0.60</u>	<u>\$ 0.68</u>	<u>\$ 1.11</u>	<u>\$ 1.36</u>
Shares used in per-share calculation:				
Basic	<u>4,223</u>	<u>4,242</u>	<u>4,227</u>	<u>4,244</u>
Diluted	<u>4,234</u>	<u>4,260</u>	<u>4,239</u>	<u>4,265</u>

See Notes to Consolidated Financial Statements.

**CISCO SYSTEMS, INC.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(in millions)  
(Unaudited)

	Three Months Ended		Six Months Ended	
	January 23, 2021	January 25, 2020	January 23, 2021	January 25, 2020
<b>Net income</b>	\$ 2,545	\$ 2,878	\$ 4,719	\$ 5,804
Available-for-sale investments:				
Change in net unrealized gains and losses, net of tax benefit (expense) of \$0 and \$17 for the second quarter and first six months of fiscal 2021, respectively, and \$(15) and \$(29) for the corresponding periods of fiscal 2020, respectively	6	66	(18)	139
Net (gains) losses reclassified into earnings, net of tax (benefit) expense of \$2 and \$7 for the second quarter and first six months of fiscal 2021, respectively and \$7 and \$12 for the corresponding periods of fiscal 2020, respectively	(7)	(4)	(17)	(9)
	(1)	62	(35)	130
Cash flow hedging instruments:				
Change in unrealized gains and losses, net of tax benefit (expense) of \$1 for each of the second quarter and first six months of fiscal 2021, and \$0 and \$1 for the corresponding periods of fiscal 2020, respectively	(2)	1	(4)	1
Net (gains) losses reclassified into earnings, net of tax (benefit) expense of \$0 and \$1 for the second quarter and first six months of fiscal 2021, respectively, and \$0 for each of the corresponding periods of fiscal 2020	(3)	2	(4)	2
	(5)	3	(8)	3
Net change in cumulative translation adjustment and actuarial gains and losses net of tax benefit (expense) of \$(2) and \$(3) for the second quarter and first six months of fiscal 2021, respectively, and \$(1) for each of the corresponding periods of fiscal 2020	235	50	344	(41)
<b>Other comprehensive income</b>	<b>229</b>	<b>115</b>	<b>301</b>	<b>92</b>
<b>Comprehensive income</b>	<b>\$ 2,774</b>	<b>\$ 2,993</b>	<b>\$ 5,020</b>	<b>\$ 5,896</b>

See Notes to Consolidated Financial Statements.

**CISCO SYSTEMS, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in millions)  
(Unaudited)

	Six Months Ended	
	January 23, 2021	January 25, 2020
<b>Cash flows from operating activities:</b>		
Net income	\$ 4,719	\$ 5,804
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization, and other	887	918
Share-based compensation expense	874	779
Provision (benefit) for receivables	(10)	46
Deferred income taxes	(91)	128
(Gains) losses on divestitures, investments and other, net	(86)	(162)
Change in operating assets and liabilities, net of effects of acquisitions and divestitures:		
Accounts receivable	1,245	1,084
Inventories	(145)	25
Financing receivables	748	408
Other assets	(212)	130
Accounts payable	(358)	(126)
Income taxes, net	(836)	(1,007)
Accrued compensation	125	(521)
Deferred revenue	226	236
Other liabilities	(16)	(355)
Net cash provided by operating activities	<u>7,070</u>	<u>7,387</u>
<b>Cash flows from investing activities:</b>		
Purchases of investments	(6,025)	(4,250)
Proceeds from sales of investments	1,374	3,410
Proceeds from maturities of investments	3,373	4,044
Acquisitions and divestitures	(860)	(163)
Purchases of investments in privately held companies	(95)	(97)
Return of investments in privately held companies	58	91
Acquisition of property and equipment	(358)	(391)
Proceeds from sales of property and equipment	9	131
Other	(4)	(10)
Net cash (used in) provided by investing activities	<u>(2,528)</u>	<u>2,765</u>
<b>Cash flows from financing activities:</b>		
Issuances of common stock	306	334
Repurchases of common stock—repurchase program	(1,569)	(1,648)
Shares repurchased for tax withholdings on vesting of restricted stock units	(317)	(437)
Short-term borrowings, original maturities of 90 days or less, net	—	(3,470)
Repayments of debt	—	(5,220)
Dividends paid	(3,041)	(2,972)
Other	70	(12)
Net cash used in financing activities	<u>(4,551)</u>	<u>(13,425)</u>
Net decrease in cash, cash equivalents, and restricted cash	(9)	(3,273)
Cash, cash equivalents, and restricted cash, beginning of period	11,812	11,772
Cash, cash equivalents, and restricted cash, end of period	<u>\$ 11,803</u>	<u>\$ 8,499</u>
<b>Supplemental cash flow information:</b>		
Cash paid for interest	\$ 220	\$ 349
Cash paid for income taxes, net	\$ 2,142	\$ 2,295

See Notes to Consolidated Financial Statements.

**CISCO SYSTEMS, INC.**  
**CONSOLIDATED STATEMENTS OF EQUITY**  
(in millions, except per-share amounts)  
(Unaudited)

<u>Three Months Ended January 23, 2021</u>	Shares of Common Stock	Common Stock and Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Equity
Balance at October 24, 2020	4,222	\$ 41,360	\$ (2,756)	(447)	\$ 38,157
Net income			2,545		2,545
Other comprehensive income				229	229
Issuance of common stock	24	305			305
Repurchase of common stock	(19)	(183)	(618)		(801)
Shares repurchased for tax withholdings on vesting of restricted stock units	(6)	(228)			(228)
Cash dividends declared (\$0.36 per common share)			(1,522)		(1,522)
Share-based compensation		436			436
Balance at January 23, 2021	4,221	\$ 41,690	\$ (2,351)	\$ (218)	\$ 39,121

<u>Six Months Ended January 23, 2021</u>	Shares of Common Stock	Common Stock and Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Equity
Balance at July 25, 2020	4,237	\$ 41,202	\$ (2,763)	\$ (519)	\$ 37,920
Net income			\$ 4,719		4,719
Other comprehensive income				301	301
Issuance of common stock	31	306			306
Repurchase of common stock	(39)	(375)	(1,226)		(1,601)
Shares repurchased for tax withholdings on vesting of restricted stock units	(8)	(317)			(317)
Cash dividends declared (\$0.72 per common share)			(3,043)		(3,043)
Effect of adoption of accounting standard			(38)		(38)
Share-based compensation		874			874
Balance at January 23, 2021	4,221	\$ 41,690	\$ (2,351)	\$ (218)	\$ 39,121

**CISCO SYSTEMS, INC.**  
**CONSOLIDATED STATEMENTS OF EQUITY**  
(in millions, except per-share amounts)  
(Unaudited)

<u>Three Months Ended January 25, 2020</u>	Shares of Common Stock	Common Stock and Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Equity
Balance at October 26, 2019	4,241	\$ 40,321	\$ (5,083)	\$ (815)	\$ 34,423
Net income			2,878		2,878
Other comprehensive income				115	115
Issuance of common stock	23	332			332
Repurchase of common stock	(18)	(177)	(693)		(870)
Shares repurchased for tax withholdings on vesting of restricted stock units	(5)	(243)			(243)
Cash dividends declared (\$0.35 per common share)			(1,486)		(1,486)
Share-based compensation		384			384
Balance at January 25, 2020	4,241	\$ 40,617	\$ (4,384)	\$ (700)	\$ 35,533

<u>Six Months Ended January 25, 2020</u>	Shares of Common Stock	Common Stock and Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Equity
Balance at July 27, 2019	4,250	\$ 40,266	\$ (5,903)	\$ (792)	\$ 33,571
Net income			5,804		5,804
Other comprehensive income				92	92
Issuance of common stock	34	334			334
Repurchase of common stock	(34)	(325)	(1,313)		(1,638)
Shares repurchased for tax withholdings on vesting of restricted stock units	(9)	(437)			(437)
Cash dividends declared (\$0.70 per common share)			(2,972)		(2,972)
Share-based compensation		779			779
Balance at January 25, 2020	4,241	\$ 40,617	\$ (4,384)	\$ (700)	\$ 35,533

See Notes to Consolidated Financial Statements.



**CISCO SYSTEMS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

**1. Organization and Basis of Presentation**

The fiscal year for Cisco Systems, Inc. (the “Company,” “Cisco,” “we,” “us,” or “our”) is the 52 or 53 weeks ending on the last Saturday in July. Fiscal 2021 is a 53-week fiscal year and fiscal 2020 was a 52-week fiscal year. The Consolidated Financial Statements include our accounts and those of our subsidiaries. All intercompany accounts and transactions have been eliminated. We conduct business globally and are primarily managed on a geographic basis in the following three geographic segments: the Americas; Europe, Middle East, and Africa (EMEA); and Asia Pacific, Japan, and China (APJC).

At our annual meeting of shareholders held on December 10, 2020, shareholders voted to approve changing the state of incorporation from California to Delaware. The reincorporation became effective January 25, 2021.

We have prepared the accompanying financial data as of January 23, 2021 and for the second quarter and first six months of fiscal 2021 and 2020, without audit, pursuant to the rules and regulations of the U.S. Securities and Exchange Commission (“SEC”). Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles in the United States (“GAAP”) have been condensed or omitted pursuant to such rules and regulations. The July 25, 2020 Consolidated Balance Sheet was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States. However, we believe that the disclosures are adequate to make the information presented not misleading. These Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and the notes thereto included in our Annual Report on Form 10-K for the fiscal year ended July 25, 2020.

The preparation of financial statements and related disclosures in conformity with GAAP requires us to make judgments, assumptions, and estimates that affect the amounts reported in the Consolidated Financial Statements and accompanying notes. The inputs into certain of our judgments, assumptions, and estimates considered the economic implications of the COVID-19 pandemic on our critical and significant accounting estimates. The actual results that we experience may differ materially from our estimates. As the COVID-19 pandemic continues to develop, many of our estimates could require increased judgment and carry a higher degree of variability and volatility. As events continue to evolve our estimates may change materially in future periods.

In the opinion of management, all normal recurring adjustments necessary to present fairly the consolidated balance sheet as of January 23, 2021, the results of operations, the statements of comprehensive income (loss) and the statements of equity for the second quarter and first six months of fiscal 2021 and 2020, and the statements of cash flows for the first six months of fiscal 2021 and 2020, as applicable, have been made. The results of operations for the second quarter and first six months of fiscal 2021 are not necessarily indicative of the operating results for the full fiscal year or any future periods.

Our consolidated financial statements include our accounts and entities consolidated under the variable interest and voting models. The noncontrolling interests attributed to these investments, if any, are presented as a separate component from our equity in the equity section of the Consolidated Balance Sheets. The share of earnings attributable to the noncontrolling interests are not presented separately in the Consolidated Statements of Operations as these amounts are not material for any of the fiscal periods presented.

Certain reclassifications have been made to the amounts in prior periods in order to conform to the current period’s presentation. We have evaluated subsequent events through the date that the financial statements were issued.

**2. Recent Accounting Pronouncements**

**(a) New Accounting Updates Recently Adopted**

*Credit Losses of Financial Instruments* In June 2016, the FASB issued an accounting standard update that requires measurement and recognition of expected credit losses for financial assets held based on historical experience, current conditions, and reasonable and supportable forecasts that affect the collectibility of the reported amount. We adopted this standard at the beginning of our first quarter of fiscal 2021, applied it at the beginning of the period of adoption and did not restate prior periods. The standard primarily impacts our financial assets measured at amortized cost and available-for-sale debt securities. The standard did not have a material impact on our consolidated financial statements upon adoption.

**CISCO SYSTEMS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**(Unaudited)**

Our significant accounting policies have been updated as a result of adopting this standard are as follows:

Allowance for Accounts Receivable, Contract Assets and Financing Receivables We estimate our allowances for credit losses using relevant available information from internal and external sources, related to past events, current conditions and reasonable and supportable forecasts. Historical credit loss experience provides the basis for the estimation of expected credit losses. When assessing for credit losses, we determine collectibility by pooling our assets with similar characteristics.

The allowances for credit losses are each measured on a collective basis when similar risk characteristics exist. Our internal credit risk ratings are categorized as 1 through 10, with the lowest credit risk rating representing the highest quality. Our assets within each internal credit risk rating share similar risk characteristics and therefore are assessed as one portfolio segment for credit loss. Assets that do not share risk characteristics are evaluated on an individual basis. The allowances for credit losses are each measured by multiplying the exposure probability of default, the probability the asset will default within a given time frame, by the loss given default rate, the percentage of the asset not expected to be collected due to default, based on the pool of assets.

Probability of default rates are published quarterly by third-party credit agencies. Adjustments to our internal credit risk ratings may take into account including, but not limited to, various customer-specific factors, the potential sovereign risk of the geographic locations in which the customer is operating and macroeconomic conditions. These factors are updated regularly or when facts and circumstances indicate that an update is deemed necessary.

Available-for-Sale Debt Investments For our available-for-sale debt securities in an unrealized loss position, we determine whether a credit loss exists. In this assessment, we consider the extent to which the fair value is less than the amortized cost, any changes to the rating of the security by a rating agency, and adverse conditions specifically related to the security, among other factors. If factors indicate a credit loss exists, an allowance for credit loss is recorded to other income (loss), net, limited by the amount that the fair value is less than the amortized cost basis. The amount of fair value change relating to all other factors will be recognized in other comprehensive income (OCI).

### **3. Revenue**

We enter into contracts with customers that can include various combinations of products and services which are generally distinct and accounted for as separate performance obligations. As a result, our contracts may contain multiple performance obligations. We determine whether arrangements are distinct based on whether the customer can benefit from the product or service on its own or together with other resources that are readily available and whether our commitment to transfer the product or service to the customer is separately identifiable from other obligations in the contract. We classify our hardware, perpetual software licenses, and software-as-a-service (SaaS) as distinct performance obligations. Term software licenses represent multiple obligations, which include software licenses and software maintenance. In transactions where we deliver hardware or software, we are typically the principal and we record revenue and costs of goods sold on a gross basis. We refer to our term software licenses, security software licenses, SaaS, and associated service arrangements as subscription offers.

We recognize revenue upon transfer of control of promised goods or services in a contract with a customer in an amount that reflects the consideration we expect to receive in exchange for those products or services. Transfer of control occurs once the customer has the contractual right to use the product, generally upon shipment or once title and risk of loss has transferred to the customer. Transfer of control can also occur over time for software maintenance and services as the customer receives the benefit over the contract term. Our hardware and perpetual software licenses are distinct performance obligations where revenue is recognized upfront upon transfer of control. Term software licenses include multiple performance obligations where the term licenses are recognized upfront upon transfer of control, with the associated software maintenance revenue recognized ratably over the contract term as services and software updates are provided. SaaS arrangements do not include the right for the customer to take possession of the software during the term, and therefore have one distinct performance obligation which is satisfied over time with revenue recognized ratably over the contract term as the customer consumes the services. On our product sales, we record consideration from shipping and handling on a gross basis within net product sales. We record our revenue net of any associated sales taxes.

An allowance for future sales returns is established based on historical trends in product return rates. The allowance for future sales returns as of January 23, 2021 and July 25, 2020 was \$73 million and \$79 million, respectively, and was recorded as a reduction of our accounts receivable and revenue.

**CISCO SYSTEMS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**(Unaudited)**

### Significant Judgments

Revenue is allocated among these performance obligations in a manner that reflects the consideration that we expect to be entitled to for the promised goods or services based on standalone selling prices (SSP). SSP is estimated for each distinct performance obligation and judgment may be required in their determination. The best evidence of SSP is the observable price of a product or service when we sell the goods separately in similar circumstances and to similar customers. In instances where SSP is not directly observable, we determine SSP using information that may include market conditions and other observable inputs.

We apply judgment in determining the transaction price as we may be required to estimate variable consideration when determining the amount of revenue to recognize. Variable consideration includes potential contractual penalties and various rebate, cooperative marketing and other incentive programs that we offer to our distributors, channel partners and customers. When determining the amount of revenue to recognize, we estimate the expected usage of these programs, applying the expected value or most likely estimate and update the estimate at each reporting period as actual utilization becomes available. We also consider the customers' right of return in determining the transaction price, where applicable.

We assess certain software licenses, such as for security software, that contain critical updates or upgrades which customers can download throughout the contract term. Without these updates or upgrades, the functionality of the software would diminish over a relatively short time period. These updates or upgrades provide the customer the full functionality of the purchased security software licenses and are required to maintain the security license's utility as the risks and threats in the environment are rapidly changing. In these circumstances, the revenue from these software arrangements is recognized as a single performance obligation satisfied over the contract term.

#### (a) Disaggregation of Revenue

We disaggregate our revenue into groups of similar products and services that depict the nature, amount, and timing of revenue and cash flows for our various offerings. The sales cycle, contractual obligations, customer requirements, and go-to-market strategies differ for each of our product categories, resulting in different economic risk profiles for each category. The following table presents this disaggregation of revenue (in millions):

	Three Months Ended		Six Months Ended	
	January 23, 2021	January 25, 2020	January 23, 2021	January 25, 2020
<b>Revenue:</b>				
Infrastructure Platforms	\$ 6,391	\$ 6,567	\$ 12,732	\$ 14,120
Applications	1,354	1,349	2,734	2,847
Security	822	749	1,684	1,565
Other Products	4	7	9	17
Total Product	8,572	8,671	17,159	18,549
Services	3,388	3,334	6,730	6,615
Total	<u>\$ 11,960</u>	<u>\$ 12,005</u>	<u>\$ 23,889</u>	<u>\$ 25,164</u>

Amounts may not sum due to rounding. We have made certain reclassifications to the product revenue amounts for prior period to conform to the current year presentation.

Infrastructure Platforms consist of our core networking technologies of switching, routing, wireless, and data center products that are designed to work together to deliver networking capabilities and transport and/or store data. These technologies consist of both hardware and software offerings, including software licenses and SaaS, that help our customers build networks, automate, orchestrate, integrate, and digitize data. We are shifting and expanding more of our business to software and subscriptions across our core networking portfolio. Our hardware and perpetual software in this category are distinct performance obligations where revenue is recognized upfront upon transfer of control. Term software licenses are multiple performance obligations where the term license is recognized upfront upon transfer of control with the associated software maintenance revenue recognized ratably over the contract term. SaaS arrangements in this category have one distinct performance obligation which is satisfied over time with revenue recognized ratably over the contract term.

Applications consists of offerings that utilize the core networking and data center platforms to provide their functions. The products consist primarily of software offerings, including software licenses and SaaS, as well as hardware. Our perpetual software and hardware in this category are distinct performance obligations where revenue is recognized upfront upon transfer of control. Term software licenses are multiple performance obligations where the term license is recognized upfront upon

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transfer of control with the associated software maintenance revenue recognized ratably over the contract term. SaaS arrangements in this category have one distinct performance obligation which is satisfied over time with revenue recognized ratably over the contract term.

Security primarily includes our network security, cloud and email security, identity and access management, advanced threat protection, and unified threat management products. These products consist of both hardware and software offerings, including software licenses and SaaS. Updates and upgrades for the term software licenses are critical for our software to perform its intended commercial purpose because of the continuous need for our software to secure our customers' network environments against frequent threats. Therefore, security software licenses are generally represented by a single distinct performance obligation with revenue recognized ratably over the contract term. Our hardware and perpetual software in this category are distinct performance obligations where revenue is recognized upfront upon transfer of control. SaaS arrangements in this category have one distinct performance obligation which is satisfied over time with revenue recognized ratably over the contract term.

Other Products primarily includes our cloud and system management products. These products include both hardware and software licenses. Our offerings in this category are distinct performance obligations where revenue is recognized upfront upon transfer of control.

In addition to our product offerings, we provide a broad range of service and support options for our customers, including technical support services and advanced services. Technical support services represent the majority of these offerings which are distinct performance obligations that are satisfied over time with revenue recognized ratably over the contract term. Advanced services are distinct performance obligations that are satisfied over time with revenue recognized as services are delivered.

The sales arrangements as discussed above are typically made pursuant to customer purchase orders based on master purchase or partner agreements. Cash is received based on our standard payment terms which is typically 30 days. We provide financing arrangements to customers for all of our hardware, software and service offerings. Refer to Note 9 for additional information. For these arrangements, cash is typically received over time.

**(b) Contract Balances**

Accounts receivable, net was \$4.3 billion as of January 23, 2021 compared to \$5.5 billion as of July 25, 2020, as reported on the Consolidated Balance Sheets.

Contract assets consist of unbilled receivables and are recorded when revenue is recognized in advance of scheduled billings to our customers. These amounts are primarily related to software and service arrangements where transfer of control has occurred but we have not yet invoiced. Our contract assets for these unbilled receivables, net of allowances, were \$1.3 billion and \$1.2 billion as of January 23, 2021 and July 25, 2020, respectively, and were included in other current assets and other assets.

Gross contract assets by our internal risk ratings are summarized as follows (in millions):

	January 23, 2021
1 to 4	\$ 426
5 to 6	783
7 and Higher	98
Total	<u>\$ 1,307</u>

Contract liabilities consist of deferred revenue. Deferred revenue was \$20.8 billion as of January 23, 2021 compared to \$20.4 billion as of July 25, 2020. We recognized approximately \$3.0 billion and \$6.9 billion of revenue during the second quarter and first six months of fiscal 2021, respectively, that was included in the deferred revenue balance at July 25, 2020.

**(c) Capitalized Contract Acquisition Costs**

We capitalize direct and incremental costs incurred to acquire contracts, primarily sales commissions, for which the associated revenue is expected to be recognized in future periods. We incur these costs in connection with both initial contracts and renewals. These costs are initially deferred and typically amortized over the term of the customer contract which corresponds to the period of benefit. Deferred sales commissions were \$817 million and \$732 million as of January 23, 2021 and July 25, 2020, respectively, and were included in other current assets and other assets. The amortization expense associated with these costs was \$129 million and \$252 million for the second quarter and first six months of fiscal 2021, respectively, and \$122 million and \$238 million for the corresponding periods of fiscal 2020, respectively, and was included in sales and marketing expenses.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
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#### 4. Acquisitions and Divestitures

We completed five acquisitions during the first six months of fiscal 2021. A summary of the allocation of the total purchase consideration is presented as follows (in millions):

	Purchase Consideration	Net Tangible Assets Acquired (Liabilities Assumed)	Purchased Intangible Assets	Goodwill
Total acquisitions (five in total)	\$ 958	\$ 2	\$ 228	\$ 728

The total purchase consideration related to our acquisitions completed during the first six months of fiscal 2021 consisted of cash consideration and vested share-based awards assumed. The total cash and cash equivalents acquired from these acquisitions was approximately \$35 million. Total transaction costs related to acquisition and divestiture activities were \$10 million and \$9 million for the first six months of fiscal 2021 and 2020, respectively. These transaction costs were expensed as incurred in general and administrative expenses (“G&A”) in the Consolidated Statements of Operations.

The goodwill generated from acquisitions completed during the first six months of fiscal 2021 is primarily related to expected synergies. The goodwill is generally not deductible for income tax purposes.

The Consolidated Financial Statements include the operating results of each acquisition from the date of acquisition. Pro forma results of operations and the revenue and net income subsequent to the acquisition date for the acquisitions completed during the first six months of fiscal 2021 have not been presented because the effects of the acquisitions, individually and in the aggregate, were not material to our financial results.

**Pending Acquisition of Acacia Communications** On July 9, 2019, we announced our intent to acquire Acacia Communications, Inc. (“Acacia”), a public fabless semiconductor company that develops, manufactures and sells high-speed coherent optical interconnect products that are designed to transform communications networks through improvements in performance, capacity and cost.

On January 14, 2021, Cisco and Acacia announced an amendment to the definitive merger agreement under which we had previously agreed to acquire Acacia. Under the terms of the amended agreement, we have agreed to acquire Acacia for \$115 per share in cash, or approximately \$4.5 billion on a fully diluted basis, net of cash and marketable securities. The acquisition is expected to close during the third quarter of fiscal 2021, subject to customary closing conditions, including Acacia stockholder approval. All required regulatory approvals have been received. Upon close of the acquisition, revenue from Acacia will be included in our Infrastructure Platforms product category.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
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**5. Goodwill and Purchased Intangible Assets**
**(a) Goodwill**

The following table presents the goodwill allocated to our reportable segments as of January 23, 2021 and during the first six months of fiscal 2021 (in millions):

	Balance at July 25, 2020	Acquisitions & Divestitures	Foreign Currency Translation and Other	Balance at January 23, 2021
Americas	\$ 21,304	\$ 415	\$ 135	\$ 21,854
EMEA	8,040	198	51	8,289
APJC	4,462	100	28	4,590
Total	\$ 33,806	\$ 713	\$ 214	\$ 34,733

**(b) Purchased Intangible Assets**

The following table presents details of our intangible assets acquired through acquisitions completed during the first six months of fiscal 2021 (in millions, except years):

	FINITE LIVES						INDEFINITE LIVES	
	TECHNOLOGY		CUSTOMER RELATIONSHIPS		OTHER		IPR&D	TOTAL
	Weighted- Average Useful Life (in Years)	Amount	Weighted- Average Useful Life (in Years)	Amount	Weighted- Average Useful Life (in Years)	Amount	Amount	Amount
Total acquisitions (five in total)	3.8	\$ 179	4.0	\$ 43	2.0	\$ 6	—	\$ 228

The following tables present details of our purchased intangible assets (in millions):

January 23, 2021	Gross	Accumulated Amortization	Net
Purchased intangible assets with finite lives:			
Technology	\$ 2,625	\$ (1,700)	\$ 925
Customer relationships	773	(404)	369
Other	13	(5)	8
Total purchased intangible assets with finite lives	3,411	(2,109)	1,302
In-process research and development, with indefinite lives	160	—	160
Total	\$ 3,571	\$ (2,109)	\$ 1,462

July 25, 2020	Gross	Accumulated Amortization	Net
Purchased intangible assets with finite lives:			
Technology	\$ 3,298	\$ (2,336)	\$ 962
Customer relationships	760	(365)	395
Other	26	(20)	6
Total purchased intangible assets with finite lives	4,084	(2,721)	1,363
In-process research and development, with indefinite lives	213	—	213
Total	\$ 4,297	\$ (2,721)	\$ 1,576

Purchased intangible assets include intangible assets acquired through acquisitions as well as through direct purchases or licenses.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
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The following table presents the amortization of purchased intangible assets, including impairment charges (in millions):

	Three Months Ended		Six Months Ended	
	January 23, 2021	January 25, 2020	January 23, 2021	January 25, 2020
Amortization of purchased intangible assets:				
Cost of sales	\$ 156	\$ 165	\$ 326	\$ 331
Operating expenses	39	38	75	74
Total	<u>\$ 195</u>	<u>\$ 203</u>	<u>\$ 401</u>	<u>\$ 405</u>

The estimated future amortization expense of purchased intangible assets with finite lives as of January 23, 2021 is as follows (in millions):

Fiscal Year	Amount
2021 (remaining six months)	\$ 311
2022	\$ 453
2023	\$ 308
2024	\$ 188
2025	\$ 31
Thereafter	\$ 11

**CISCO SYSTEMS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
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**6. Restructuring and Other Charges**

We initiated a restructuring plan in the first quarter of fiscal 2021 (the “Fiscal 2021 Plan”), which includes a voluntary early retirement program, in order to realign the organization and enable further investment in key priority areas. The total pretax charges are estimated to be approximately \$900 million. In connection with the Fiscal 2021 Plan, we incurred charges of \$232 million and \$834 million for the second quarter and first six months of fiscal 2021, respectively.

We initiated a restructuring plan in fiscal 2020 (the “Fiscal 2020 Plan”) in order to realign the organization and enable further investment in key priority areas. The total pretax charges are estimated to be approximately \$300 million. In connection with the Fiscal 2020 Plan, we have incurred cumulative charges of \$257 million.

The aggregate pretax charges related to these plans are primarily cash-based and consist of severance and other one-time termination benefits, and other costs. We expect to substantially complete both plans in fiscal 2021.

The following tables summarize the activities related to the restructuring and other charges (in millions):

	FISCAL 2020 AND PRIOR PLANS		FISCAL 2021 PLAN		Total
	Employee Severance	Other	Employee Severance	Other	
Liability as of July 25, 2020	\$ 58	\$ 14	\$ —	\$ —	\$ 72
Charges	—	2	804	30	836
Cash payments	(58)	(3)	(703)	(3)	(767)
Non-cash items	—	—	—	(21)	(21)
Liability as of January 23, 2021	\$ —	\$ 13	\$ 101	\$ 6	\$ 120

	FISCAL 2018 AND PRIOR PLANS		
	Employee Severance	Other	Total
Liability as of July 27, 2019	\$ 22	\$ 11	\$ 33
Charges	209	17	226
Cash payments	(202)	(1)	(203)
Non-cash items	—	(23)	(23)
Liability as of January 25, 2020	\$ 29	\$ 4	\$ 33



**CISCO SYSTEMS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
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**7. Balance Sheet and Other Details**

The following tables provide details of selected balance sheet and other items (in millions):

	January 23, 2021	July 25, 2020
Cash and cash equivalents	\$ 11,793	\$ 11,809
Restricted cash included in other current assets	7	—
Restricted cash included in other assets	3	3
Total cash, cash equivalents, and restricted cash	<u>\$ 11,803</u>	<u>\$ 11,812</u>
<b>Inventories:</b>		
Raw materials	\$ 527	\$ 456
Work in process	30	25
Finished goods:		
Deferred cost of sales	74	59
Manufactured finished goods	600	542
Total finished goods	<u>674</u>	<u>601</u>
Service-related spares	191	184
Demonstration systems	14	16
Total	<u>\$ 1,436</u>	<u>\$ 1,282</u>
Our provision for inventory was \$65 million and \$30 million for the first six months of fiscal 2021 and 2020, respectively.		
<b>Property and equipment, net:</b>		
Gross property and equipment:		
Land, buildings, and building and leasehold improvements	\$ 4,291	\$ 4,252
Computer equipment and related software	864	875
Production, engineering, and other equipment	5,193	5,163
Operating lease assets	343	337
Furniture, fixtures and other	375	387
Total gross property and equipment	11,066	11,014
Less: accumulated depreciation and amortization	(8,680)	(8,561)
Total	<u>\$ 2,386</u>	<u>\$ 2,453</u>
<b>Deferred revenue:</b>		
Product	\$ 8,332	\$ 7,895
Service	12,514	12,551
Total	<u>\$ 20,846</u>	<u>\$ 20,446</u>
<b>Reported as:</b>		
Current	\$ 11,552	\$ 11,406
Noncurrent	9,294	9,040
Total	<u>\$ 20,846</u>	<u>\$ 20,446</u>
<b>Remaining Performance Obligations:</b>		
Product	\$ 11,666	\$ 11,261
Service	16,512	17,093
Total	<u>\$ 28,178</u>	<u>\$ 28,354</u>

Remaining Performance Obligations (RPO) are comprised of deferred revenue plus unbilled contract revenue. As of January 23, 2021, the aggregate amount of RPO was comprised of \$20.8 billion of deferred revenue and \$7.3 billion of unbilled contract revenue. We expect approximately 54% of this amount of be recognized as revenue over the next 12 months. As of July 25, 2020, the aggregate amount of RPO was comprised of \$20.4 billion of deferred revenue and \$7.9 billion of unbilled contract revenue. Unbilled contract revenue represents noncancelable contracts for which we have not invoiced, have an obligation to perform, and revenue has not yet been recognized in the financial statements.

**CISCO SYSTEMS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
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**8. Leases**
**(a) Lessee Arrangements**

The following table presents our operating lease balances (in millions):

	Balance Sheet Line Item	January 23, 2021	July 25, 2020
Operating lease right-of-use assets	Other assets	\$ 974	\$ 921
Operating lease liabilities	Other current liabilities	\$ 366	\$ 341
Operating lease liabilities	Other long-term liabilities	688	661
Total operating lease liabilities		\$ 1,054	\$ 1,002

The components of our lease expenses were as follows (in millions):

	Three Months Ended		Six Months Ended	
	January 23, 2021	January 25, 2020	January 23, 2021	January 25, 2020
Operating lease expense	\$ 103	\$ 101	\$ 201	\$ 214
Short-term lease expense	17	16	35	33
Variable lease expense	43	39	89	79
Total lease expense	\$ 163	\$ 156	\$ 325	\$ 326

Supplemental information related to our operating leases is as follows (in millions):

	Six Months Ended	
	January 23, 2021	January 25, 2020
Cash paid for amounts included in the measurement of lease liabilities — operating cash flows	\$ 201	\$ 206
Right-of-use assets obtained in exchange for operating leases liabilities	\$ 218	\$ 77

The weighted-average lease term was 4.2 years and 4.0 years as of January 23, 2021 and July 25, 2020, respectively. The weighted-average discount rate was 1.0% and 1.5% as of January 23, 2021 and July 25, 2020, respectively.

The maturities of our operating leases (undiscounted) as of January 23, 2021 are as follows (in millions):

Fiscal Year	Amount
2021 (remaining six months)	\$ 193
2022	304
2023	232
2024	151
2025	92
Thereafter	104
Total lease payments	1,076
Less interest	(22)
Total	\$ 1,054

**CISCO SYSTEMS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
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**(b) Lessor Arrangements**

Our leases primarily represent sales-type leases with terms of four years on average. We provide leasing of our equipment and complementary third-party products primarily through our channel partners and distributors, for which the income arising from these leases is recognized through interest income. Interest income for the second quarter and first six months of fiscal 2021 was \$19 million and \$40 million, respectively, and \$23 million and \$49 million for the corresponding periods of fiscal 2020, respectively, and was included in interest income in the Consolidated Statement of Operations. The net investment of our lease receivables is measured at the commencement date as the gross lease receivable, residual value less unearned income and allowance for credit loss. For additional information, see Note 9.

Future minimum lease payments on our lease receivables as of January 23, 2021 are summarized as follows (in millions):

Fiscal Year	Amount
2021 (remaining six months)	\$ 330
2022	685
2023	455
2024	237
2025	130
Thereafter	28
Total	1,865
Less: Present value of lease payments	1,768
Unearned income	\$ 97

Actual cash collections may differ from the contractual maturities due to early customer buyouts, refinancings, or defaults.

We provide financing of certain equipment through operating leases, and the amounts are included in property and equipment in the Consolidated Balance Sheets. Amounts relating to equipment on operating lease assets held by Cisco and the associated accumulated depreciation are summarized as follows (in millions):

	January 23, 2021	July 25, 2020
Operating lease assets	\$ 343	\$ 337
Accumulated depreciation	(201)	(198)
Operating lease assets, net	\$ 142	\$ 139

Our operating lease income for the second quarter and first six months of fiscal 2021 was \$40 million and \$83 million, respectively, and \$50 million and \$94 million for the corresponding periods of fiscal 2020, respectively, and was included in product revenue in the Consolidated Statement of Operations.

Minimum future rentals on noncancelable operating leases as of January 23, 2021 are summarized as follows (in millions):

Fiscal Year	Amount
2021 (remaining six months)	\$ 38
2022	44
2023	20
2024	4
Total	\$ 106

**CISCO SYSTEMS, INC.**  
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**9. Financing Receivables****(a) Financing Receivables**

Financing receivables primarily consist of lease receivables, loan receivables, and financed service contracts. Lease receivables represent sales-type leases resulting from the sale of Cisco's and complementary third-party products and are typically collateralized by a security interest in the underlying assets. Lease receivables consist of arrangements with terms of four years on average. Loan receivables represent financing arrangements related to the sale of our hardware, software, and services, which may include additional funding for other costs associated with network installation and integration of our products and services. Loan receivables have terms of three years on average. Financed service contracts include financing receivables related to technical support and advanced services. Revenue related to the technical support services is typically deferred and included in deferred service revenue and is recognized ratably over the period during which the related services are to be performed, which typically ranges from one year to three years.

A summary of our financing receivables is presented as follows (in millions):

<u>January 23, 2021</u>	Lease Receivables	Loan Receivables	Financed Service Contracts	Total
Gross	\$ 1,865	\$ 5,817	\$ 2,575	\$ 10,257
Residual value	115	—	—	115
Unearned income	(97)	—	—	(97)
Allowance for credit loss	(43)	(96)	(9)	(148)
Total, net	<u>\$ 1,840</u>	<u>\$ 5,721</u>	<u>\$ 2,566</u>	<u>\$ 10,127</u>
Reported as:				
Current	\$ 868	\$ 2,746	\$ 1,413	\$ 5,027
Noncurrent	972	2,975	1,153	5,100
Total, net	<u>\$ 1,840</u>	<u>\$ 5,721</u>	<u>\$ 2,566</u>	<u>\$ 10,127</u>
<u>July 25, 2020</u>	Lease Receivables	Loan Receivables	Financed Service Contracts	Total
Gross	\$ 2,127	\$ 5,937	\$ 2,830	\$ 10,894
Residual value	123	—	—	123
Unearned income	(114)	—	—	(114)
Allowance for credit loss	(48)	(81)	(9)	(138)
Total, net	<u>\$ 2,088</u>	<u>\$ 5,856</u>	<u>\$ 2,821</u>	<u>\$ 10,765</u>
Reported as:				
Current	\$ 918	\$ 2,692	\$ 1,441	\$ 5,051
Noncurrent	1,170	3,164	1,380	5,714
Total, net	<u>\$ 2,088</u>	<u>\$ 5,856</u>	<u>\$ 2,821</u>	<u>\$ 10,765</u>

**CISCO SYSTEMS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
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**(b) Credit Quality of Financing Receivables**

Gross financing receivables<sup>(1)</sup> categorized by our internal credit risk rating by period of origination as of January 23, 2021 are summarized as follows (in millions):

Internal Credit Risk Rating	Prior	Fiscal Year				Six Months Ended	Total
		July 29, 2017	July 28, 2018	July 27, 2019	July 25, 2020	January 23, 2021	
<b>Lease Receivables:</b>							
1 to 4	\$ 10	\$ 49	\$ 153	\$ 248	\$ 331	\$ 16	\$ 807
5 to 6	15	48	121	270	360	98	912
7 and Higher	3	2	6	14	20	4	49
Total Lease Receivables	\$ 28	\$ 99	\$ 280	\$ 532	\$ 711	\$ 118	\$ 1,768
<b>Loan Receivables:</b>							
1 to 4	\$ 16	\$ 141	\$ 387	\$ 774	\$ 1,302	\$ 1,053	\$ 3,673
5 to 6	5	60	145	362	745	672	1,989
7 and Higher	2	3	8	65	58	19	155
Total Loan Receivables	\$ 23	\$ 204	\$ 540	\$ 1,201	\$ 2,105	\$ 1,744	\$ 5,817
<b>Financed Service Contracts:</b>							
1 to 4	\$ 2	\$ 49	\$ 51	\$ 213	\$ 455	\$ 742	\$ 1,512
5 to 6	1	21	57	235	412	305	1,031
7 and Higher	—	—	2	15	12	3	32
Total Financed Service Contracts	\$ 3	\$ 70	\$ 110	\$ 463	\$ 879	\$ 1,050	\$ 2,575
<b>Total</b>	<b>\$ 54</b>	<b>\$ 373</b>	<b>\$ 930</b>	<b>\$ 2,196</b>	<b>\$ 3,695</b>	<b>\$ 2,912</b>	<b>\$ 10,160</b>

<sup>(1)</sup> Lease receivables calculated as gross lease receivables, excluding residual value, less unearned income

The following table summarizes our gross receivables categorized by our internal credit risk rating as of July 25, 2020 and was not restated to reflect the impact of adoption of the accounting standards update on *Credit Losses on Financial Instruments*:

July 25, 2020	INTERNAL CREDIT RISK RATING			
	1 to 4	5 to 6	7 and Higher	Total
Lease receivables	\$ 992	\$ 952	\$ 69	\$ 2,013
Loan receivables	3,808	1,961	168	5,937
Financed service contracts	1,645	1,153	32	2,830
Total	\$ 6,445	\$ 4,066	\$ 269	\$ 10,780

The following tables present the aging analysis of gross receivables as of January 23, 2021 and July 25, 2020 (in millions):

January 23, 2021	DAYS PAST DUE (INCLUDES BILLED AND UNBILLED)				Total Past Due	Current	Total	120+ Still Accruing	Nonaccrual Financing Receivables	Impaired Financing Receivables
	31-60	61-90	91+							
Lease receivables	\$ 68	\$ 13	\$ 83	\$ 164	\$ 1,604	\$ 1,768	\$ 2	\$ 33	\$ 33	
Loan receivables	109	30	73	212	5,605	5,817	15	50	50	
Financed service contracts	40	11	101	152	2,423	2,575	31	4	4	
Total	\$ 217	\$ 54	\$ 257	\$ 528	\$ 9,632	\$ 10,160	\$ 48	\$ 87	\$ 87	

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
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	DAYS PAST DUE (INCLUDES BILLED AND UNBILLED)				Current	Total	Nonaccrual Financing Receivables	Impaired Financing Receivables
	31-60	61-90	91+	Total Past Due				
July 25, 2020								
Lease receivables	\$ 29	\$ 47	\$ 48	\$ 124	\$ 1,889	\$ 2,013	\$ 43	\$ 43
Loan receivables	129	78	78	285	5,652	5,937	65	65
Financed service contracts	69	75	124	268	2,562	2,830	4	4
Total	\$ 227	\$ 200	\$ 250	\$ 677	\$ 10,103	\$ 10,780	\$ 112	\$ 112

Past due financing receivables are those that are 31 days or more past due according to their contractual payment terms. The data in the preceding tables is presented by contract, and the aging classification of each contract is based on the oldest outstanding receivable, and therefore past due amounts also include unbilled and current receivables within the same contract.

As of July 25, 2020, we had financing receivables of \$67 million, net of unbilled or current receivables, that were greater than 120 days plus past due but remained on accrual status as they are well secured and in the process of collection.

**(c) Allowance for Credit Loss Rollforward**

The allowances for credit loss and the related financing receivables are summarized as follows (in millions):

	CREDIT LOSS ALLOWANCES			
	Lease Receivables	Loan Receivables	Financed Service Contracts	Total
Three months ended January 23, 2021				
Allowance for credit loss as of October 24, 2020	\$ 46	\$ 101	\$ 7	\$ 154
Provisions (benefits)	(4)	(6)	2	(8)
Other	1	1	—	2
Allowance for credit loss as of January 23, 2021	\$ 43	\$ 96	\$ 9	\$ 148

	CREDIT LOSS ALLOWANCES			
	Lease Receivables	Loan Receivables	Financed Service Contracts	Total
Six months ended January 23, 2021				
Allowance for credit loss as of July 25, 2020	\$ 48	\$ 81	\$ 9	\$ 138
Provisions (benefits)	(7)	(3)	1	(9)
Other	2	18	(1)	19
Allowance for credit loss as of January 23, 2021	\$ 43	\$ 96	\$ 9	\$ 148

	CREDIT LOSS ALLOWANCES			
	Lease Receivables	Loan Receivables	Financed Service Contracts	Total
Three months ended January 25, 2020				
Allowance for credit loss as of October 26, 2019	\$ 43	\$ 81	\$ 9	\$ 133
Provisions (benefits)	(1)	15	—	14
Recoveries (write-offs), net	(1)	(1)	—	(2)
Foreign exchange and other	1	—	(1)	—
Allowance for credit loss as of January 25, 2020	\$ 42	\$ 95	\$ 8	\$ 145

	CREDIT LOSS ALLOWANCES			
	Lease Receivables	Loan Receivables	Financed Service Contracts	Total
Six months ended January 25, 2020				
Allowance for credit loss as of July 27, 2019	\$ 46	\$ 71	\$ 9	\$ 126
Provisions (benefits)	(4)	42	—	38
Recoveries (write-offs), net	(1)	(17)	—	(18)
Foreign exchange and other	1	(1)	(1)	(1)
Allowance for credit loss as of January 25, 2020	\$ 42	\$ 95	\$ 8	\$ 145

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**10. Available-for-Sale Debt and Equity Investments**
**(a) Summary of Available-for-Sale Debt Investments**

The following tables summarize our available-for-sale debt investments (in millions):

January 23, 2021	Amortized Cost	Gross Unrealized Gains	Gross Unrealized and Credit Losses	Fair Value
U.S. government securities	\$ 2,613	\$ 50	\$ —	\$ 2,663
U.S. government agency securities	168	—	—	168
Corporate debt securities	10,516	296	(26)	10,786
U.S. agency mortgage-backed securities	2,796	47	(3)	2,840
Commercial paper	1,730	—	—	1,730
Certificates of deposit	603	—	—	603
Total <sup>(1)</sup>	<u>\$ 18,426</u>	<u>\$ 393</u>	<u>\$ (29)</u>	<u>\$ 18,790</u>

July 25, 2020	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. government securities	\$ 2,614	\$ 71	\$ —	\$ 2,685
U.S. government agency securities	110	—	—	110
Corporate debt securities	11,549	334	(6)	11,877
U.S. agency mortgage-backed securities	1,987	49	(1)	2,035
Commercial paper	727	—	—	727
Certificates of deposit	176	—	—	176
Total	<u>\$ 17,163</u>	<u>\$ 454</u>	<u>\$ (7)</u>	<u>\$ 17,610</u>

<sup>(1)</sup> Net unsettled investment sales were \$39 million as of January 23, 2021 and were included in other current assets.

The following table presents the gross realized gains and gross realized losses related to available-for-sale debt investments (in millions):

	Three Months Ended		Six Months Ended	
	January 23, 2021	January 25, 2020	January 23, 2021	January 25, 2020
Gross realized gains	\$ 9	\$ 13	\$ 24	\$ 25
Gross realized losses	—	(2)	—	(4)
Total	<u>\$ 9</u>	<u>\$ 11</u>	<u>\$ 24</u>	<u>\$ 21</u>

The following tables present the breakdown of the available-for-sale debt investments with gross unrealized losses and the duration that those losses had been unrealized at January 23, 2021 and July 25, 2020 (in millions):

January 23, 2021	UNREALIZED LOSSES LESS THAN 12 MONTHS		UNREALIZED LOSSES 12 MONTHS OR GREATER		TOTAL	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
U.S. government securities	\$ 109	\$ —	\$ —	\$ —	\$ 109	\$ —
U.S. government agency securities	36	—	—	—	36	—
Corporate debt securities	663	(1)	—	—	663	(1)
U.S. agency mortgage-backed securities	698	(3)	—	—	698	(3)
Certificates of deposit	15	—	—	—	15	—
Total	<u>\$ 1,521</u>	<u>\$ (4)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,521</u>	<u>\$ (4)</u>

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	UNREALIZED LOSSES LESS THAN 12 MONTHS		UNREALIZED LOSSES 12 MONTHS OR GREATER		TOTAL	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
<u>July 25, 2020</u>						
U.S. government agency securities	\$ 33	\$ —	\$ —	\$ —	\$ 33	\$ —
Corporate debt securities	1,060	(6)	3	—	1,063	(6)
U.S. agency mortgage-backed securities	265	(1)	—	—	265	(1)
Total	<u>\$ 1,358</u>	<u>\$ (7)</u>	<u>\$ 3</u>	<u>\$ —</u>	<u>\$ 1,361</u>	<u>\$ (7)</u>

The following table summarizes the maturities of our available-for-sale debt investments as of January 23, 2021 (in millions):

	Amortized Cost	Fair Value
Within 1 year	\$ 6,674	\$ 6,679
After 1 year through 5 years	7,035	7,201
After 5 years through 10 years	1,913	2,060
After 10 years	8	10
Mortgage-backed securities with no single maturity	2,796	2,840
Total	<u>\$ 18,426</u>	<u>\$ 18,790</u>

Actual maturities may differ from the contractual maturities because borrowers may have the right to call or prepay certain obligations.

**(b) Summary of Equity Investments**

Our net unrealized gains recognized during the reporting period on our marketable and non-marketable equity securities still held as of January 23, 2021 was \$4 million for each of the second quarter and first six months of fiscal 2021, and a net gain of \$3 million for the corresponding periods of fiscal 2020. Our net adjustments to non-marketable equity securities measured using the measurement alternative was a net gain of \$3 million and \$4 million for the second quarter and first six months of fiscal 2021, respectively. These adjustments were net gains of \$3 million for each of the corresponding periods of fiscal 2020. We held equity interests in certain private equity funds of \$0.7 billion as of each of January 23, 2021 and July 25, 2020, which are accounted for under the NAV practical expedient.

In the ordinary course of business, we have investments in privately held companies and provide financing to certain customers. These privately held companies and customers are evaluated for consolidation under the variable interest or voting interest entity models. We evaluate on an ongoing basis our investments in these privately held companies and our customer financings, and have determined that as of January 23, 2021, except as disclosed herein, there were no significant variable interest or voting interest entities required to be consolidated in our Consolidated Financial Statements.

The carrying value of our investments in privately held companies was \$1.3 billion as of each of January 23, 2021 and July 25, 2020.

Of the total carrying value of our investments in privately held companies as of January 23, 2021, \$0.7 billion of such investments are considered to be in variable interest entities which are unconsolidated. We have total funding commitments of \$0.3 billion related to privately held investments, some of which may be based on the achievement of certain agreed-upon milestones, and some of which are required to be funded on demand. The carrying value of these investments and the additional funding commitments collectively represent our maximum exposure related to privately held investments.

**11. Fair Value**

Fair value is defined as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required or permitted to be either recorded or disclosed at fair value, we consider the principal or most advantageous market in which we would transact, and we also consider assumptions that market participants would use when pricing the asset or liability.



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**(a) Fair Value Hierarchy**

The accounting guidance for fair value measurement requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The fair value hierarchy is as follows:

Level 1 applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

Level 2 applies to assets or liabilities for which there are inputs other than quoted prices that are observable for the asset or liability, such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.

Level 3 applies to assets or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

**(b) Assets and Liabilities Measured at Fair Value on a Recurring Basis**

Assets and liabilities measured at fair value on a recurring basis were as follows (in millions):

	JANUARY 23, 2021				JULY 25, 2020			
	FAIR VALUE MEASUREMENTS				FAIR VALUE MEASUREMENTS			
	Level 1	Level 2	Level 3	Total Balance	Level 1	Level 2	Level 3	Total Balance
<b>Assets:</b>								
<b>Cash equivalents:</b>								
Money market funds	\$ 8,515	\$ —	\$ —	\$ 8,515	\$ 10,024	\$ —	\$ —	\$ 10,024
Corporate debt securities	—	9	—	9	—	8	—	8
Certificates of deposit	—	161	—	161	—	—	—	—
Commercial paper	—	902	—	902	—	—	—	—
<b>Available-for-sale debt investments:</b>								
U.S. government securities	—	2,663	—	2,663	—	2,685	—	2,685
U.S. government agency securities	—	168	—	168	—	110	—	110
Corporate debt securities	—	10,786	—	10,786	—	11,877	—	11,877
U.S. agency mortgage-backed securities	—	2,840	—	2,840	—	2,035	—	2,035
Commercial paper	—	1,730	—	1,730	—	727	—	727
Certificates of deposit	—	603	—	603	—	176	—	176
<b>Equity investments:</b>								
Marketable equity securities	5	—	—	5	—	—	—	—
<b>Assets:</b>								
Derivative assets	—	165	6	171	—	190	1	191
Total	\$ 8,520	\$ 20,027	\$ 6	\$ 28,553	\$ 10,024	\$ 17,808	\$ 1	\$ 27,833
<b>Liabilities:</b>								
Derivative liabilities	\$ —	\$ 26	\$ —	\$ 26	\$ —	\$ 10	\$ —	\$ 10
Total	\$ —	\$ 26	\$ —	\$ 26	\$ —	\$ 10	\$ —	\$ 10

Level 1 marketable securities are determined by using quoted prices in active markets for identical assets. Level 2 available-for-sale debt investments are priced using quoted market prices for similar instruments or nonbinding market prices that are corroborated by observable market data. We use inputs such as actual trade data, benchmark yields, broker/dealer quotes, and other similar data, which are obtained from quoted market prices, independent pricing vendors, or other sources, to determine the ultimate fair value of these assets and liabilities. We use such pricing data as the primary input to make our assessments and

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determinations as to the ultimate valuation of our investment portfolio and have not made, during the periods presented, any material adjustments to such inputs. We are ultimately responsible for the financial statements and underlying estimates. Our derivative instruments are primarily classified as Level 2, as they are not actively traded and are valued using pricing models that use observable market inputs. We did not have any transfers between Level 1 and Level 2 fair value measurements during the periods presented. Level 3 assets include certain derivative instruments, the values of which are determined based on discounted cash flow models using inputs that we could not corroborate with market data.

**(c) Assets Measured at Fair Value on a Nonrecurring Basis**

The carrying value of our non-marketable equity securities recorded to fair value on a non-recurring basis is adjusted for observable transactions for identical or similar investments of the same issuer or impairment. These securities are classified as Level 3 in the fair value hierarchy because we estimate the value based on valuation methods using the observable transaction price at the transaction date and other unobservable inputs such as volatility, rights, and obligations of the securities we hold.

**(d) Other Fair Value Disclosures**

The fair value of our short-term loan receivables and financed service contracts approximates their carrying value due to their short duration. The aggregate carrying value of our long-term loan receivables and financed service contracts as of January 23, 2021 and July 25, 2020 was \$4.1 billion and \$4.5 billion, respectively. The estimated fair value of our long-term loan receivables and financed service contracts approximates their carrying value. We use significant unobservable inputs in determining discounted cash flows to estimate the fair value of our long-term loan receivables and financed service contracts, and therefore they are categorized as Level 3.

As of January 23, 2021, the estimated fair value of our short-term debt approximates its carrying value due to the short maturities. As of January 23, 2021, the fair value of our senior notes was \$16.8 billion with a carrying amount of \$14.6 billion. This compares to a fair value of \$17.4 billion and a carrying amount of \$14.6 billion as of July 25, 2020. The fair value of the senior notes was determined based on observable market prices in a less active market and was categorized as Level 2 in the fair value hierarchy.

**12. Borrowings**

**(a) Short-Term Debt**

The following table summarizes our short-term debt (in millions, except percentages):

	January 23, 2021		July 25, 2020	
	Amount	Effective Rate	Amount	Effective Rate
Current portion of long-term debt	\$ 5,000	2.00 %	\$ 3,005	2.07 %

We have a short-term debt financing program of up to \$10.0 billion through the issuance of commercial paper notes. We use the proceeds from the issuance of commercial paper notes for general corporate purposes.

The effective rates for the short- and long-term debt include the interest on the notes, the accretion of the discount, the issuance costs, and, if applicable, adjustments related to hedging.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
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**(b) Long-Term Debt**

The following table summarizes our long-term debt (in millions, except percentages):

	Maturity Date	January 23, 2021		July 25, 2020	
		Amount	Effective Rate	Amount	Effective Rate
Senior notes:					
Fixed-rate notes:					
2.20%	February 28, 2021	\$ 2,500	2.30%	\$ 2,500	2.30%
2.90%	March 4, 2021	500	0.92%	500	0.94%
1.85%	September 20, 2021	2,000	1.90%	2,000	1.90%
3.00%	June 15, 2022	500	1.17%	500	1.21%
2.60%	February 28, 2023	500	2.68%	500	2.68%
2.20%	September 20, 2023	750	2.27%	750	2.27%
3.625%	March 4, 2024	1,000	1.04%	1,000	1.06%
3.50%	June 15, 2025	500	1.33%	500	1.37%
2.95%	February 28, 2026	750	3.01%	750	3.01%
2.50%	September 20, 2026	1,500	2.55%	1,500	2.55%
5.90%	February 15, 2039	2,000	6.11%	2,000	6.11%
5.50%	January 15, 2040	2,000	5.67%	2,000	5.67%
Total		14,500		14,500	
Unaccreted discount/issuance costs		(84)		(88)	
Hedge accounting fair value adjustments		138		171	
Total		\$ 14,554		\$ 14,583	
Reported as:					
Current portion of long-term debt		\$ 5,000		\$ 3,005	
Long-term debt		9,554		11,578	
Total		\$ 14,554		\$ 14,583	

We have entered into interest rate swaps in prior periods with an aggregate notional amount of \$2.5 billion designated as fair value hedges of certain of our fixed-rate senior notes. These swaps convert the fixed interest rates of the fixed-rate notes to floating interest rates based on the London InterBank Offered Rate (“LIBOR”). The gains and losses related to changes in the fair value of the interest rate swaps substantially offset changes in the fair value of the hedged portion of the underlying debt that are attributable to the changes in market interest rates. For additional information, see Note 13.

Interest is payable semiannually on each class of the senior fixed-rate notes. Each of the senior fixed-rate notes is redeemable by us at any time, subject to a make-whole premium. The senior notes rank at par with the commercial paper notes that may be issued in the future pursuant to our short-term debt financing program, as discussed above under “(a) Short-Term Debt.” As of January 23, 2021, we were in compliance with all debt covenants.

As of January 23, 2021, future principal payments for long-term debt, including the current portion, are summarized as follows (in millions):

Fiscal Year	Amount
2021 (remaining six months)	\$ 3,000
2022	2,500
2023	500
2024	1,750
2025	500
Thereafter	6,250
Total	\$ 14,500

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**(c) Credit Facility**

On May 15, 2020, we entered into a 364-day credit agreement with certain institutional lenders that provides for a \$2.75 billion unsecured revolving credit facility that is scheduled to expire on May 14, 2021. On January 25, 2021, we entered into an amendment to the credit facility to obtain consent of the lenders to our reincorporation to Delaware. The credit agreement is structured as an amendment and restatement of our five-year credit facility which would have terminated on May 15, 2020, the end of its five-year term. As of January 23, 2021, we were in compliance with the required interest coverage ratio and the other covenants, and we had not borrowed any funds under the credit facility.

Any advances under the credit agreement will accrue interest at rates that are equal to, based on certain conditions, either (i) the highest of (a) the Federal Funds rate plus 0.50%, (b) Bank of America's "prime rate" as announced from time to time, or (c) LIBOR, or a comparable or successor rate that is approved by the Administrative Agent ("Eurocurrency Rate"), for an interest period of one-month plus 1.00%, or (ii) the Eurocurrency Rate, plus a margin that is based on our senior debt credit ratings as published by Standard & Poor's Financial Services, LLC and Moody's Investors Service, Inc., provided that in no event will the Eurocurrency Rate be less than 0.25%. We may also, upon the agreement of either the then-existing lenders or additional lenders not currently parties to the agreement, increase the commitments under the credit facility by up to an additional \$2.0 billion. The credit agreement requires that we comply with certain covenants, including that we maintain an interest coverage ratio as defined in the agreement.

**13. Derivative Instruments**

**(a) Summary of Derivative Instruments**

We use derivative instruments primarily to manage exposures to foreign currency exchange rate, interest rate, and equity price risks. Our primary objective in holding derivatives is to reduce the volatility of earnings and cash flows associated with changes in foreign currency exchange rates, interest rates, and equity prices. Our derivatives expose us to credit risk to the extent that the counterparties may be unable to meet the terms of the agreement. We do, however, seek to mitigate such risks by limiting our counterparties to major financial institutions and requiring collateral in certain cases. In addition, the potential risk of loss with any one counterparty resulting from this type of credit risk is monitored. Management does not expect material losses as a result of defaults by counterparties.

The fair values of our derivative instruments and the line items on the Consolidated Balance Sheets to which they were recorded are summarized as follows (in millions):

	DERIVATIVE ASSETS			DERIVATIVE LIABILITIES		
	Balance Sheet Line Item	January 23, 2021	July 25, 2020	Balance Sheet Line Item	January 23, 2021	July 25, 2020
<b>Derivatives designated as hedging instruments:</b>						
Foreign currency derivatives	Other current assets	\$ 7	\$ 7	Other current liabilities	\$ 14	\$ 2
Interest rate derivatives	Other current assets	1	6	Other current liabilities	—	—
Interest rate derivatives	Other assets	140	169	Other long-term liabilities	—	—
<b>Total</b>		<u>148</u>	<u>182</u>		<u>14</u>	<u>2</u>
<b>Derivatives not designated as hedging instruments:</b>						
Foreign currency derivatives	Other current assets	17	8	Other current liabilities	12	8
Equity derivatives	Other assets	6	1	Other long-term liabilities	—	—
<b>Total</b>		<u>23</u>	<u>9</u>		<u>12</u>	<u>8</u>
<b>Total</b>		<u>\$ 171</u>	<u>\$ 191</u>		<u>\$ 26</u>	<u>\$ 10</u>

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
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The following amounts were recorded on the Consolidated Balance Sheets related to cumulative basis adjustments for our fair value hedges (in millions):

Balance Sheet Line Item of Hedged Item	CARRYING AMOUNT OF THE HEDGED ASSETS/(LIABILITIES)		CUMULATIVE AMOUNT OF FAIR VALUE HEDGING ADJUSTMENT INCLUDED IN THE CARRYING AMOUNT OF THE HEDGED ASSETS/LIABILITIES	
	January 23, 2021	July 25, 2020	January 23, 2021	July 25, 2020
Short-term debt	\$ (501)	\$ (506)	\$ (1)	\$ (6)
Long-term debt	\$ (2,132)	\$ (2,159)	\$ (137)	\$ (165)

The effect of derivative instruments designated as fair value hedges, recognized in interest and other income (loss), net is summarized as follows (in millions):

	Three Months Ended		Six Months Ended	
	January 23, 2021	January 25, 2020	January 23, 2021	January 25, 2020
Interest rate derivatives:				
Hedged items	\$ 14	\$ 7	\$ 33	\$ (14)
Derivatives designated as hedging instruments	(14)	(6)	(34)	16
Total	\$ —	\$ 1	\$ (1)	\$ 2

The effect on the Consolidated Statements of Operations of derivative instruments not designated as hedges is summarized as follows (in millions):

Derivatives Not Designated as Hedging Instruments	Line Item in Statements of Operations	GAINS (LOSSES) FOR THE THREE MONTHS ENDED		GAINS (LOSSES) FOR THE SIX MONTHS ENDED	
		January 23, 2021	January 25, 2020	January 23, 2021	January 25, 2020
Foreign currency derivatives	Other income (loss), net	\$ 33	\$ (2)	\$ 47	\$ (9)
Total return swaps—deferred compensation	Operating expenses and other	76	41	99	41
Equity derivatives	Other income (loss), net	9	3	14	5
Total		\$ 118	\$ 42	\$ 160	\$ 37

The notional amounts of our outstanding derivatives are summarized as follows (in millions):

	January 23, 2021	July 25, 2020
Foreign currency derivatives	\$ 4,839	\$ 4,315
Interest rate derivatives	2,500	2,500
Total return swaps—deferred compensation	689	580
Total	\$ 8,028	\$ 7,395

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
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**(b) Offsetting of Derivative Instruments**

We present our derivative instruments at gross fair values in the Consolidated Balance Sheets. However, our master netting and other similar arrangements with the respective counterparties allow for net settlement under certain conditions, which are designed to reduce credit risk by permitting net settlement with the same counterparty. As of January 23, 2021 and July 25, 2020, the potential effects of these rights of set-off associated with the derivative contracts would be a reduction to both derivative assets and derivative liabilities of \$22 million and \$10 million, respectively.

To further limit credit risk, we also enter into collateral security arrangements related to certain derivative instruments whereby cash is posted as collateral between the counterparties based on the fair market value of the derivative instrument. Under these collateral security arrangements, the net cash collateral received as of January 23, 2021 and July 25, 2020 was \$141 million and \$173 million, respectively. Including the effects of collateral, this results in a net derivative asset of \$4 million and \$8 million as of January 23, 2021 and July 25, 2020, respectively.

**(c) Foreign Currency Exchange Risk**

We conduct business globally in numerous currencies. Therefore, we are exposed to adverse movements in foreign currency exchange rates. To limit the exposure related to foreign currency changes, we enter into foreign currency contracts. We do not enter into such contracts for speculative purposes.

We hedge forecasted foreign currency transactions related to certain revenues, operating expenses and service cost of sales with currency options and forward contracts. These currency options and forward contracts, designated as cash flow hedges, generally have maturities of less than 24 months. The derivative instrument's gain or loss is initially reported as a component of accumulated other comprehensive income ("AOCI") and subsequently reclassified into earnings when the hedged exposure affects earnings. During the periods presented, we did not discontinue any cash flow hedges for which it was probable that a forecasted transaction would not occur.

We enter into foreign exchange forward and option contracts to reduce the short-term effects of foreign currency fluctuations on assets and liabilities such as foreign currency receivables, including long-term customer financings and payables. These derivatives are not designated as hedging instruments. Gains and losses on the contracts are included in other income (loss), net, and substantially offset foreign exchange gains and losses from the remeasurement of intercompany balances, other current assets, or liabilities denominated in currencies other than the functional currency of the reporting entity.

We hedge certain net investments in our foreign operations with forward contracts to reduce the effects of foreign currency fluctuations on our net investment in those foreign subsidiaries. These derivative instruments generally have maturities of up to six months.

**(d) Interest Rate Risk**

Interest Rate Derivatives Designated as Fair Value Hedges, Long-Term Debt We hold interest rate swaps designated as fair value hedges related to fixed-rate senior notes that are due in fiscal 2021 through 2025. Under these interest rate swaps, we receive fixed-rate interest payments and make interest payments based on LIBOR plus a fixed number of basis points. The effect of such swaps is to convert the fixed interest rates of the senior fixed-rate notes to floating interest rates based on LIBOR. The gains and losses related to changes in the fair value of the interest rate swaps are included in interest expense and substantially offset changes in the fair value of the hedged portion of the underlying debt that are attributable to the changes in market interest rates.

**(e) Equity Price Risk**

We hold marketable equity securities in our portfolio that are subject to price risk. To diversify our overall portfolio, we also hold equity derivatives that are not designated as accounting hedges. The change in the fair value of each of these investment types are included in other income (loss), net.

We are also exposed to variability in compensation charges related to certain deferred compensation obligations to employees. Although not designated as accounting hedges, we utilize derivatives such as total return swaps to economically hedge this exposure and offset the related compensation expense.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
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**14. Commitments and Contingencies****(a) Purchase Commitments with Contract Manufacturers and Suppliers**

We purchase components from a variety of suppliers and use several contract manufacturers to provide manufacturing services for our products. During the normal course of business, in order to manage manufacturing lead times and help ensure adequate component supply, we enter into agreements with contract manufacturers and suppliers that either allow them to procure inventory based upon criteria as defined by us or establish the parameters defining our requirements. A significant portion of our reported purchase commitments arising from these agreements consists of firm, noncancelable, and unconditional commitments. Certain of these purchase commitments with contract manufacturers and suppliers relate to arrangements to secure long-term pricing for certain product components for multi-year periods. In certain instances, these agreements allow us the option to cancel, reschedule, and adjust our requirements based on our business needs prior to firm orders being placed. As of January 23, 2021 and July 25, 2020, we had total purchase commitments for inventory of \$4.6 billion and \$4.4 billion, respectively.

We record a liability for firm, noncancelable, and unconditional purchase commitments for quantities in excess of our future demand forecasts consistent with the valuation of our excess and obsolete inventory. As of January 23, 2021 and July 25, 2020, the liability for these purchase commitments was \$152 million and \$141 million, respectively, and was included in other current liabilities. The provision for the liability related to purchase commitments with contract manufacturers and suppliers was \$44 million and \$67 million for the first six months of fiscal 2021 and 2020, respectively.

**(b) Other Commitments**

In connection with our acquisitions, we have agreed to pay certain additional amounts contingent upon the achievement of certain agreed-upon technology, development, product, or other milestones or upon the continued employment with Cisco of certain employees of the acquired entities.

The following table summarizes the compensation expense related to acquisitions (in millions):

	Three Months Ended		Six Months Ended	
	January 23, 2021	January 25, 2020	January 23, 2021	January 25, 2020
Compensation expense related to acquisitions	\$ 59	\$ 50	\$ 116	\$ 111

As of January 23, 2021, we estimated that future cash compensation expense of up to \$452 million may be required to be recognized pursuant to the applicable business combination agreements.

We also have certain funding commitments, primarily related to our non-marketable equity and other investments, some of which are based on the achievement of certain agreed-upon milestones, and some of which are required to be funded on demand. The funding commitments were \$0.3 billion as of each of January 23, 2021 and July 25, 2020.

**(c) Product Warranties**

The following table summarizes the activity related to the product warranty liability (in millions):

	Six Months Ended	
	January 23, 2021	January 25, 2020
Balance at beginning of period	\$ 331	\$ 342
Provisions for warranties issued	247	283
Adjustments for pre-existing warranties	4	(3)
Settlements	(249)	(291)
Balance at end of period	\$ 333	\$ 331

We accrue for warranty costs as part of our cost of sales based on associated material product costs, labor costs for technical support staff, and associated overhead. Our products are generally covered by a warranty for periods ranging from 90 days to five years, and for some products we provide a limited lifetime warranty.

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**(d) Financing and Other Guarantees**

In the ordinary course of business, we provide financing guarantees for various third-party financing arrangements extended to channel partners and end-user customers. Payments under these financing guarantee arrangements were not material for the periods presented.

**Channel Partner Financing Guarantees** We facilitate arrangements for third-party financing extended to channel partners, consisting of revolving short-term financing, with payment terms generally ranging from 60 to 90 days. During fiscal 2020, we expanded the payment terms on certain of our channel partner financing programs by 30 days in response to the COVID-19 pandemic. These financing arrangements facilitate the working capital requirements of the channel partners, and, in some cases, we guarantee a portion of these arrangements. The volume of channel partner financing was \$6.7 billion and \$6.6 billion for the second quarter of fiscal 2021 and 2020, respectively, and was \$12.8 billion and \$14.2 billion for the first six months of fiscal 2021 and 2020, respectively. The balance of the channel partner financing subject to guarantees was \$1.3 billion and \$1.1 billion as of January 23, 2021 and July 25, 2020, respectively.

**End-User Financing Guarantees** We also provide financing guarantees for third-party financing arrangements extended to end-user customers related to leases and loans, which typically have terms of up to three years. The volume of financing provided by third parties for leases and loans as to which we had provided guarantees was \$3 million and \$1 million for the second quarter of fiscal 2021 and 2020, respectively, and was \$8 million and \$6 million for the first six months of fiscal 2021 and 2020, respectively.

**Financing Guarantee Summary** The aggregate amounts of financing guarantees outstanding at January 23, 2021 and July 25, 2020, representing the total maximum potential future payments under financing arrangements with third parties along with the related deferred revenue, are summarized in the following table (in millions):

	January 23, 2021	July 25, 2020
<b>Maximum potential future payments relating to financing guarantees:</b>		
Channel partner	\$ 205	\$ 198
End user	8	9
Total	\$ 213	\$ 207
<b>Deferred revenue associated with financing guarantees:</b>		
Channel partner	\$ (19)	\$ (19)
End user	(8)	(9)
Total	\$ (27)	\$ (28)
Total	\$ 186	\$ 179

**(e) Indemnifications**

In the normal course of business, we indemnify other parties, including customers, lessors, and parties to other transactions with us, with respect to certain matters. We have agreed to indemnify against losses arising from a breach of representations or covenants or out of intellectual property infringement or other claims made against certain parties. These agreements may limit the time within which an indemnification claim can be made and the amount of the claim.

Charter Communications, Inc. (“Charter”), which acquired Time Warner Cable (“TWC”) in May 2016, is seeking indemnification from us for a final judgment obtained by Sprint Communications Company, L.P. (“Sprint”) against TWC in federal court in Kansas. Sprint sought monetary damages, alleging that TWC infringed certain Sprint patents by offering VoIP telephone services utilizing products provided by us generally in combination with those of other manufacturers. Following a trial on March 3, 2017, a jury in Kansas found that TWC willfully infringed five Sprint patents and awarded Sprint \$139.8 million in damages. The Court awarded Sprint pre- and post-judgment interest of approximately \$10 million and denied TWC’s post-trial motions and appeals. Charter reported that it paid the judgment in full. We resolved Charter’s indemnity claim effective February 4, 2021 for an amount that does not have a material effect on our financial position.

We also have been asked to indemnify certain of our service provider customers that have been subject to patent infringement claims asserted by Chanbond, LLC (“Chanbond”) in the United States District Court for the District of Delaware on September 21, 2015. Chanbond alleges that 13 service provider companies, including among others, Comcast Corporation, Charter Communications, Inc. (“Charter”), Time Warner Cable, Inc. (subsequently acquired by Charter), Cox Communications, Inc. (“Cox”), and Cablevision Systems Corporation, infringe three patents by providing high speed cable internet services to their customers utilizing cable modems and cable modem termination systems, consistent with the DOCSIS 3.0 standard, provided



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by us and other manufacturers generally used in combination with each other. Chanbond seeks monetary damages and injunctive relief against the service provider customers, although two of the asserted patents expire on June 19, 2021, and the third expires on September 17, 2021. On October 13, 2020, the Court set Chanbond's case against Cox for trial on May 17, 2021. The other cases against the remaining service provider defendants have not yet been set for trial. We believe that the service provider defendants have strong non-infringement, invalidity and other defenses and that Chanbond will not be able to meet its burden required for injunctive relief. Due to uncertainties surrounding the litigation processes, we are unable to reasonably estimate the ultimate outcome of the cases at this time, but should Chanbond prevail in its cases against the service provider defendants, we do not believe that any potential indemnity liability would be material.

In addition, we have entered into indemnification agreements with our officers and directors, and our Amended and Restated Bylaws contain similar indemnification obligations to our agents.

It is not possible to determine the maximum potential amount under these indemnification agreements due to uncertainties in the litigation process, coordination with other suppliers and the defendants in these cases, and the unique facts and circumstances involved in each particular agreement. Historically, payments made by us under these agreements have not had a material effect on our operating results, financial position, or cash flows.

**(f) Legal Proceedings**

**Brazil** Brazilian authorities have investigated our Brazilian subsidiary and certain of its former employees, as well as a Brazilian importer of our products, and its affiliates and employees, relating to alleged evasion of import taxes and alleged improper transactions involving the subsidiary and the importer. Brazilian tax authorities have assessed claims against our Brazilian subsidiary based on a theory of joint liability with the Brazilian importer for import taxes, interest, and penalties. In addition to claims asserted by the Brazilian federal tax authorities in prior fiscal years, tax authorities from the Brazilian state of Sao Paulo have asserted similar claims on the same legal basis in prior fiscal years. The asserted claims by Brazilian federal tax authorities are for calendar years 2003 through 2007, and the asserted claims by the tax authorities from the state of Sao Paulo are for calendar years 2005 through 2007. The total asserted claims by Brazilian state and federal tax authorities aggregate to \$148 million for the alleged evasion of import and other taxes, \$728 million for interest, and \$366 million for various penalties, all determined using an exchange rate as of January 23, 2021.

We have completed a thorough review of the matters and believe the asserted claims against our Brazilian subsidiary are without merit, and we are defending the claims vigorously. While we believe there is no legal basis for the alleged liability, due to the complexities and uncertainty surrounding the judicial process in Brazil and the nature of the claims asserting joint liability with the importer, we are unable to determine the likelihood of an unfavorable outcome against our Brazilian subsidiary and are unable to reasonably estimate a range of loss, if any. We do not expect a final judicial determination for several years.

**China** The Company is investigating allegations of a self-enrichment scheme involving now-former employees in China. Some of those employees are also alleged to have made or directed payments from the funds they received to various third parties, including employees of state-owned enterprises. The Company voluntarily disclosed this investigation to the Department of Justice ("DOJ") and Securities and Exchange Commission ("SEC"). We take such allegations very seriously and we are providing results of our investigation to the DOJ and SEC. While the outcome of our investigation is currently not determinable, we do not expect that it will have a material adverse effect on our consolidated financial position, results of operations, or cash flows.

**SRI International** On September 4, 2013, SRI International, Inc. ("SRI") asserted patent infringement claims against us in the U.S. District Court for the District of Delaware, accusing our products and services in the area of network intrusion detection of infringing two U.S. patents. SRI sought monetary damages of at least a reasonable royalty and enhanced damages. The trial started on May 2, 2016, and, on May 12, 2016, the jury returned a verdict finding willful infringement. The jury awarded SRI damages of \$23.7 million. On May 25, 2017, the District Court awarded SRI enhanced damages and attorneys' fees, entered judgment in the new amount of \$57.0 million, and ordered an ongoing royalty of 3.5% through the expiration of the patents in 2018. We appealed to the United States Court of Appeals for the Federal Circuit on various grounds, and after various proceedings, on July 12, 2019, the Federal Circuit vacated the enhanced damages award; vacated and remanded in part the willful infringement finding; vacated and remanded the attorneys' fees award for further proceedings; and affirmed the District Court's other findings. On April 1, 2020, the District Court issued a final judgment on the remanded issues, finding no evidence of willful infringement and reinstating the \$8 million award of attorneys' fees. SRI appealed the judgment of no willful infringement to the Federal Circuit on April 3, 2020, and Cisco filed a cross-appeal on the attorneys' fees award on April 9, 2020. Cisco has paid SRI \$28.1 million, representing the portion of the judgment that the Federal Circuit previously affirmed, plus interest and royalties on post-verdict sales. While the remaining proceedings may result in an additional loss, we do not expect it to be material.

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**Centripetal** On February 13, 2018, Centripetal Networks, Inc. (“Centripetal”) asserted patent infringement claims against us in the U.S. District Court for the Eastern District of Virginia, alleging that several Cisco products and services (including Cisco’s Catalyst switches, ASR and ISR series routers, ASAs with FirePOWER services, and Stealthwatch products) infringe eleven Centripetal patents. Cisco thereafter petitioned the Patent Trial and Appeal Board (“PTAB”) of the United States Patent and Trademark Office to review the validity of nine of the asserted patents. The PTAB instituted *inter partes* review proceedings (“IPR Proceedings”) on six asserted patents and certain claims of another asserted patent. The PTAB has issued Final Written Decisions for seven patents in the instituted IPR Proceedings, and all claims of five patents have been found unpatentable and several of the claims of the other two patents have been found unpatentable. Centripetal has appealed the PTAB’s findings of unpatentability to the United States Court of Appeals for the Federal Circuit. Starting on May 6, 2020 and concluding on June 25, 2020, the District Court conducted a bench trial by videoconference on the claims in the five patents not subject to the IPR Proceedings, including claims in three for which the PTAB declined to institute IPR Proceedings. Centripetal sought damages, enhanced damages for willful infringement, and broad injunctive relief. On October 5, 2020, the District Court issued a judgment finding validity and willful infringement of four of the asserted patents and non-infringement of the fifth patent. The Court awarded Centripetal \$1.9 billion, comprised of \$755.8 million in damages, \$1.1 billion in enhanced damages for willful infringement, and pre-judgment interest in the amount of \$13.7 million. The Court declined to issue an injunction but, instead, awarded Centripetal a running royalty against revenue from the products found to infringe for an initial three-year term at a rate of 10%, with a minimum annual royalty of \$167.7 million and a maximum annual royalty of \$300.1 million, and for a second three-year term at a rate of 5%, with a minimum annual royalty of \$83.9 million and a maximum annual royalty of \$150.0 million. We believe that the District Court’s findings of validity, infringement, and willful infringement, its award of damages, including enhanced damages, and its award of an ongoing royalty are not supported by either the law or the evidence presented at trial. We intend to appeal the District Court’s judgment when it becomes final as to the four patents found valid and infringing to the United States Court of Appeals for the Federal Circuit, and we believe that any relief ultimately awarded would not be material. On October 28, 2020, by agreement of the parties, the District Court stayed execution of the judgment until after resolution of any appeal in the matter and waived the requirement of any bond or security; accordingly, no money is currently due under the judgment. On April 29, 2020 and April 30, 2020, Centripetal submitted complaints in the District Court of Dusseldorf in Germany against Cisco Systems GmbH and Cisco Systems, Inc., asserting three European patents seeking both injunctive relief and damages. Two of the three European patents are counterparts to two U.S. patents Centripetal asserted against us in the U.S. District Court proceedings, one of which has been invalidated by the PTAB. We believe we have strong defenses. Due to uncertainty surrounding patent litigation processes in the U.S. and Europe, however, we are unable to reasonably estimate the ultimate outcome of the cases at this time.

**Finjan** On January 6, 2017, Finjan, Inc. (“Finjan”) asserted patent infringement claims against us in the U.S. District Court for the Northern District of California, originally seeking injunctive relief and damages, including enhanced damages for allegations of willful infringement. Finjan alleges that Cisco’s AMP and ThreatGrid products and the URL rewrite feature of Cisco’s ESA Outbreak Filter product infringe five patents, four of which have now expired such that no injunctive relief is available on those patents. Finjan has conceded that they are not entitled to any pre-suit damages, accordingly it seeks approximately three weeks of damages for the alleged infringement of the 8,677,494 and 6,154,844 patents, approximately ten months of damages for the 6,804,780 patent, approximately three years of damages for the 7,647,633 patent, and approximately three-and-a-half years of past damages for the 8,141,154 patent and an ongoing royalty (instead of injunctive relief) until its expiration on December 12, 2025. The case is currently set for jury trial starting June 4, 2021. While we believe that we have strong non-infringement arguments, that the patents are invalid, that Finjan’s damages theories are not supported by prevailing law and that Finjan will not be able to meet its burden required for injunctive relief, we are unable to reasonably estimate the ultimate outcome of this litigation at this time due to uncertainties in the litigation processes. If we do not prevail in the District Court, we believe that any damages ultimately assessed would not be material.

**Ramot** On June 12, 2019, Ramot at Tel Aviv University Ltd. (“Ramot”) asserted patent infringement claims against us in the U.S. District Court for the Eastern District of Texas, seeking damages, including enhanced damages for allegations of willful infringement, and a running royalty on future sales. Ramot alleges that certain Cisco optical transceiver modules and line cards infringe three U.S. patents. As of November 27, 2020, the U.S. Patent & Trademark Office preliminarily found all asserted claims unpatentable in ex parte reexamination proceedings. On January 13, 2021, the Court entered an order staying the case pending the conclusion of the ex parte reexamination proceedings. While we believe that we have strong non-infringement and invalidity arguments, and that Ramot’s damages theories are not supported by prevailing law, we are unable to reasonably estimate the ultimate outcome of this litigation at this time due to uncertainties in the litigation processes. If we do not prevail in the District Court, we believe that any damages ultimately assessed would not be material.

In addition, we are subject to legal proceedings, claims, and litigation arising in the ordinary course of business, including intellectual property litigation. While the outcome of these matters is currently not determinable, we do not expect that the ultimate costs to resolve these matters will have a material adverse effect on our consolidated financial position, results of

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operations, or cash flows. For additional information regarding intellectual property litigation, see “Part II, Item 1A. Risk Factors-We may be found to infringe on intellectual property rights of others” herein.

## 15. Shareholders’ Equity

### (a) Cash Dividends on Shares of Common Stock

We declared and paid cash dividends of \$0.36 and \$0.35 per common share, or \$1.5 billion, on our outstanding common stock for each of the second quarters of fiscal 2021 and 2020. We declared and paid cash dividends of \$0.72 and \$0.70 per common share, or \$3.0 billion, on our outstanding common stock for each of the first six months of fiscal 2021 and 2020.

On February 9, 2021, our Board of Directors declared a quarterly dividend of \$0.37 per common share to be paid on April 28, 2021 to all stockholders of record as of the close of business on April 6, 2021. Any future dividends will be subject to the approval of our Board of Directors.

### (b) Stock Repurchase Program

In September 2001, our Board of Directors authorized a stock repurchase program. As of January 23, 2021, the remaining authorized amount for stock repurchases under this program was approximately \$9.2 billion with no termination date. A summary of the stock repurchase activity for fiscal 2021 and 2020 under the stock repurchase program, reported based on the trade date, is summarized as follows (in millions, except per-share amounts):

<u>Quarter Ended</u>	<u>Shares</u>	<u>Weighted-Average Price per Share</u>		<u>Amount</u>
<b>Fiscal 2021</b>				
January 23, 2021	19	\$	42.82	\$ 801
October 24, 2020	20	\$	40.44	\$ 800
<b>Fiscal 2020</b>				
July 25, 2020	—	\$	—	\$ —
April 25, 2020	25	\$	39.71	\$ 981
January 25, 2020	18	\$	46.71	\$ 870
October 26, 2019	16	\$	48.91	\$ 768

There were \$32 million stock repurchases that were pending settlement as of January 23, 2021. There were no stock repurchases that were pending settlement as of July 25, 2020.

The purchase price for the shares of our stock repurchased is reflected as a reduction to shareholders’ equity. We are required to allocate the purchase price of the repurchased shares as (i) a reduction to retained earnings or an increase to accumulated deficit and (ii) a reduction of common stock and additional paid-in capital.

### (c) Preferred Stock

Under the terms of our Articles of Incorporation, the Board of Directors may determine the rights, preferences, and terms of our authorized but unissued shares of preferred stock.

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## **16. Employee Benefit Plans**

### **(a) Employee Stock Incentive Plans**

*Stock Incentive Plan Program Description* As of January 23, 2021, we had one stock incentive plan: the 2005 Stock Incentive Plan (the “2005 Plan”). In addition, we have, in connection with our acquisitions of various companies, assumed the share-based awards granted under stock incentive plans of the acquired companies or issued share-based awards in replacement thereof. Share-based awards are designed to reward employees for their long-term contributions to us and provide incentives for them to remain with Cisco. The number and frequency of share-based awards are based on competitive practices, operating results of Cisco, government regulations, and other factors. Our primary stock incentive plan is summarized as follows:

*2005 Plan* The 2005 Plan provides for the granting of stock options, stock grants, stock units and stock appreciation rights (SARs), the vesting of which may be time-based or upon satisfaction of performance goals, or both, and/or other conditions. Employees (including employee directors and executive officers) and consultants of Cisco and its subsidiaries and affiliates and non-employee directors of Cisco are eligible to participate in the 2005 Plan. On December 10, 2020, the 2005 Plan was amended to extend the term for nine years, and increase the number of shares authorized for issuance by approximately 96 million, among other items. As of January 23, 2021, the maximum number of shares issuable under the 2005 Plan over its term was increased to 790 million shares. The 2005 Plan may be terminated by the Board of Directors at any time and for any reason, and is currently set to terminate at the 2030 Annual Meeting unless re-adopted or extended by the shareholders prior to or on such date.

Under the 2005 Plan’s share reserve feature, a distinction is made between the number of shares in the reserve attributable to (i) stock options and SARs and (ii) “full value” awards (i.e., stock grants and stock units). Shares issued as stock grants, pursuant to stock units or pursuant to the settlement of dividend equivalents are counted against shares available for issuance under the 2005 Plan on a 1.5-to-1 ratio. For each share awarded as restricted stock or a restricted stock unit award under the 2005 Plan, 1.5 shares was deducted from the available share-based award balance. If awards issued under the 2005 Plan are forfeited or terminated for any reason before being exercised or settled, then the shares underlying such awards, plus the number of additional shares, if any, that counted against shares available for issuance under the 2005 Plan at the time of grant as a result of the application of the share ratio described above, will become available again for issuance under the 2005 Plan. As of January 23, 2021, 253 million shares were authorized for future grant under the 2005 Plan.

### **(b) Employee Stock Purchase Plan**

We have an Employee Stock Purchase Plan under which 721 million shares of our common stock have been reserved for issuance as of January 23, 2021. Eligible employees are offered shares through a 24-month offering period, which consists of four consecutive 6-month purchase periods. Employees may purchase a limited amount of shares of our stock at a discount of up to 15% of the lesser of the fair market value at the beginning of the offering period or the end of each 6-month purchase period. The Employee Stock Purchase Plan is scheduled to terminate on the earlier of (i) January 3, 2030 and (ii) the date on which all shares available for issuance under the Employee Stock Purchase Plan are sold pursuant to exercised purchase rights. Under the Employee Stock Purchase Plan, we issued 8 million shares during the second quarter and first six months of fiscal 2021 and 9 million shares during the corresponding periods of fiscal 2020. As of January 23, 2021, 133 million shares were available for issuance under the Employee Stock Purchase Plan.

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**(c) Summary of Share-Based Compensation Expense**

Share-based compensation expense consists primarily of expenses for stock options, stock purchase rights, restricted stock, and RSUs granted to employees. The following table summarizes share-based compensation expense (in millions):

	Three Months Ended		Six Months Ended	
	January 23, 2021	January 25, 2020	January 23, 2021	January 25, 2020
Cost of sales—product	\$ 25	\$ 23	\$ 49	\$ 46
Cost of sales—service	43	36	84	70
Share-based compensation expense in cost of sales	68	59	133	116
Research and development	171	146	338	292
Sales and marketing	128	119	262	246
General and administrative	59	55	120	115
Restructuring and other charges	10	5	21	13
Share-based compensation expense in operating expenses	368	325	741	666
Total share-based compensation expense	\$ 436	\$ 384	\$ 874	\$ 782
Income tax benefit for share-based compensation	\$ 95	\$ 109	\$ 176	\$ 240

As of January 23, 2021, the total compensation cost related to unvested share-based awards not yet recognized was \$4.0 billion which is expected to be recognized over approximately 2.7 years on a weighted-average basis.

**(d) Restricted Stock and Stock Unit Awards**

A summary of the restricted stock and stock unit activity, which includes time-based and performance-based or market-based RSUs, is as follows (in millions, except per-share amounts):

	Restricted Stock/ Stock Units	Weighted-Average Grant Date Fair Value per Share	Aggregate Fair Value
Unvested balance at July 27, 2019	100	\$ 38.66	
Granted and assumed	49	42.61	
Vested	(44)	35.20	\$ 2,045
Canceled/forfeited/other	(9)	40.45	
Unvested balance at July 25, 2020	96	42.03	
Granted and assumed	33	37.90	
Vested	(21)	39.05	\$ 908
Canceled/forfeited/other	(9)	41.63	
Unvested balance at January 23, 2021	99	\$ 41.35	

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**17. Comprehensive Income (Loss)**

The components of AOCI, net of tax, and the other comprehensive income (loss), for the first six months of fiscal 2021 and 2020 are summarized as follows (in millions):

	Net Unrealized Gains (Losses) on Available-for-Sale Investments	Net Unrealized Gains (Losses) Cash Flow Hedging Instruments	Cumulative Translation Adjustment and Actuarial Gains (Losses)	Accumulated Other Comprehensive Income (Loss)
Balance at July 25, 2020	\$ 315	\$ (6)	\$ (828)	\$ (519)
Other comprehensive income (loss) before reclassifications	(35)	(5)	345	305
(Gains) losses reclassified out of AOCI	(24)	(5)	2	(27)
Tax benefit (expense)	24	2	(3)	23
Balance at January 23, 2021	<u>\$ 280</u>	<u>\$ (14)</u>	<u>\$ (484)</u>	<u>\$ (218)</u>
	Net Unrealized Gains (Losses) on Available-for-Sale Investments	Net Unrealized Gains (Losses) Cash Flow Hedging Instruments	Cumulative Translation Adjustment and Actuarial Gains (Losses)	Accumulated Other Comprehensive Income (Loss)
Balance at July 27, 2019	\$ —	\$ (14)	\$ (778)	\$ (792)
Other comprehensive income (loss) before reclassifications	168	—	(42)	126
(Gains) losses reclassified out of AOCI	(21)	2	2	(17)
Tax benefit (expense)	(17)	1	(1)	(17)
Balance at January 25, 2020	<u>\$ 130</u>	<u>\$ (11)</u>	<u>\$ (819)</u>	<u>\$ (700)</u>

**18. Income Taxes**

The following table provides details of income taxes (in millions, except percentages):

	Three Months Ended		Six Months Ended	
	January 23, 2021	January 25, 2020	January 23, 2021	January 25, 2020
Income before provision for income taxes	\$ 3,255	\$ 3,534	\$ 5,936	\$ 7,220
Provision for income taxes	\$ 710	\$ 656	\$ 1,217	\$ 1,416
Effective tax rate	21.8 %	18.6 %	20.5 %	19.6 %

As of January 23, 2021, we had \$2.5 billion of unrecognized tax benefits, of which \$2.1 billion, if recognized, would favorably impact the effective tax rate. We regularly engage in discussions and negotiations with tax authorities regarding tax matters in various jurisdictions. We believe it is reasonably possible that certain federal, foreign and state tax matters may be concluded in the next 12 months. Specific positions that may be resolved include issues involving transfer pricing and various other matters.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
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**19. Segment Information and Major Customers****(a) Revenue and Gross Margin by Segment**

We conduct business globally and are primarily managed on a geographic basis consisting of three segments: the Americas, EMEA, and APJC. Our management makes financial decisions and allocates resources based on the information it receives from our internal management system. Sales are attributed to a segment based on the ordering location of the customer. We do not allocate research and development, sales and marketing, or general and administrative expenses to our segments in this internal management system because management does not include the information in our measurement of the performance of the operating segments. In addition, we do not allocate amortization and impairment of acquisition-related intangible assets, share-based compensation expense, significant litigation settlements and other contingencies, charges related to asset impairments and restructurings, and certain other charges to the gross margin for each segment because management does not include this information in our measurement of the performance of the operating segments.

Summarized financial information by segment for the second quarter and first six months of fiscal 2021 and 2020, based on our internal management system and as utilized by our Chief Operating Decision Maker (“CODM”), is as follows (in millions):

	Three Months Ended		Six Months Ended	
	January 23, 2021	January 25, 2020	January 23, 2021	January 25, 2020
<b>Revenue:</b>				
Americas	\$ 6,969	\$ 7,013	\$ 14,168	\$ 14,990
EMEA	3,207	3,134	6,171	6,417
APJC	1,784	1,859	3,551	3,758
Total	<u>\$ 11,960</u>	<u>\$ 12,005</u>	<u>\$ 23,889</u>	<u>\$ 25,164</u>
<b>Gross margin:</b>				
Americas	\$ 4,705	\$ 4,692	\$ 9,552	\$ 10,008
EMEA	2,145	2,062	4,038	4,229
APJC	1,155	1,219	2,268	2,413
Segment total	<u>8,005</u>	<u>7,974</u>	<u>15,858</u>	<u>16,650</u>
Unallocated corporate items	<u>(221)</u>	<u>(210)</u>	<u>(493)</u>	<u>(422)</u>
Total	<u>\$ 7,784</u>	<u>\$ 7,764</u>	<u>\$ 15,365</u>	<u>\$ 16,228</u>

Amounts may not sum and percentages may not recalculate due to rounding.

Revenue in the United States was \$6.2 billion for each of the second quarters of fiscal 2021 and 2020 and \$12.7 billion and \$13.3 billion for the first six months of fiscal 2021 and 2020, respectively.

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**(b) Revenue for Groups of Similar Products and Services**

We design, manufacture, and sell Internet Protocol (IP)-based networking and other products related to the communications and IT industry and provide services associated with these products and their use.

The following table presents revenue for groups of similar products and services (in millions):

	Three Months Ended		Six Months Ended	
	January 23, 2021	January 25, 2020	January 23, 2021	January 25, 2020
Revenue:				
Infrastructure Platforms	\$ 6,391	\$ 6,567	\$ 12,732	\$ 14,120
Applications	1,354	1,349	2,734	2,847
Security	822	749	1,684	1,565
Other Products	4	7	9	17
Total Product	8,572	8,671	17,159	18,549
Services	3,388	3,334	6,730	6,615
Total	<u>\$ 11,960</u>	<u>\$ 12,005</u>	<u>\$ 23,889</u>	<u>\$ 25,164</u>

Amounts may not sum due to rounding. We have made certain reclassifications to the product revenue amounts for prior period to conform to the current year presentation.

**20. Net Income per Share**

The following table presents the calculation of basic and diluted net income per share (in millions, except per-share amounts):

	Three Months Ended		Six Months Ended	
	January 23, 2021	January 25, 2020	January 23, 2021	January 25, 2020
Net income	\$ 2,545	\$ 2,878	\$ 4,719	\$ 5,804
Weighted-average shares—basic	4,223	4,242	4,227	4,244
Effect of dilutive potential common shares	11	18	12	21
Weighted-average shares—diluted	4,234	4,260	4,239	4,265
Net income per share—basic	<u>\$ 0.60</u>	<u>\$ 0.68</u>	<u>\$ 1.12</u>	<u>\$ 1.37</u>
Net income per share—diluted	<u>\$ 0.60</u>	<u>\$ 0.68</u>	<u>\$ 1.11</u>	<u>\$ 1.36</u>
Antidilutive employee share-based awards, excluded	49	29	56	32

Employee equity share options, unvested shares, and similar equity instruments granted and assumed by Cisco are treated as potential common shares outstanding in computing diluted earnings per share. Diluted shares outstanding include the dilutive effect of in-the-money options, unvested restricted stock, and restricted stock units. The dilutive effect of such equity awards is calculated based on the average share price for each fiscal period using the treasury stock method. Under the treasury stock method, the amount the employee must pay for exercising stock options and the amount of compensation cost for future service that has not yet been recognized are collectively assumed to be used to repurchase shares.



**Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations**
**Forward-Looking Statements**

This Quarterly Report on Form 10-Q, including this Management’s Discussion and Analysis of Financial Condition and Results of Operations, contains forward-looking statements regarding future events and our future results that are subject to the safe harbors created under the Securities Act of 1933 (the “Securities Act”) and the Securities Exchange Act of 1934 (the “Exchange Act”). All statements other than statements of historical facts are statements that could be deemed forward-looking statements. These statements are based on current expectations, estimates, forecasts, and projections about the industries in which we operate 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 projections of our future financial performance, our anticipated growth and trends in our businesses, future responses to and effects of the COVID-19 pandemic, and other characterizations of future events or circumstances are forward-looking statements. Readers are cautioned that these forward-looking statements are only predictions and are subject to risks, uncertainties, and assumptions that are difficult to predict, including those under “Part II, Item 1A. Risk Factors,” and elsewhere herein. Therefore, actual results may differ materially and adversely from those expressed in any forward-looking statements. We undertake no obligation to revise or update any forward-looking statements for any reason.

**OVERVIEW**

Cisco designs and sells a broad range of technologies that have been powering the Internet since 1984. We are integrating intent-based technologies across networking, security, collaboration, applications and the cloud. These technologies are designed to help our customers manage more users, devices and things connecting to their networks. This will enable us to provide customers with a highly secure, intelligent platform for their digital business.

A summary of our results is as follows (in millions, except percentages and per-share amounts):

	Three Months Ended			Six Months Ended		
	January 23, 2021	January 25, 2020	% Variance	January 23, 2021	January 25, 2020	% Variance
Revenue	\$ 11,960	\$ 12,005	— %	\$ 23,889	\$ 25,164	(5) %
Gross margin percentage	65.1 %	64.7 %	0.4 pts	64.3 %	64.5 %	(0.2) pts
Research and development	\$ 1,527	\$ 1,570	(3) %	\$ 3,139	\$ 3,236	(3) %
Sales and marketing	\$ 2,277	\$ 2,279	— %	\$ 4,494	\$ 4,759	(6) %
General and administrative	\$ 484	\$ 455	6 %	\$ 1,028	\$ 974	6 %
Total research and development, sales and marketing, general and administrative	\$ 4,288	\$ 4,304	— %	\$ 8,661	\$ 8,969	(3) %
Total as a percentage of revenue	35.9 %	35.9 %	— pts	36.3 %	35.6 %	0.7 pts
Amortization of purchased intangible assets included in operating expenses	\$ 39	\$ 38	3 %	\$ 75	\$ 74	1 %
Restructuring and other charges included in operating expenses	\$ 234	\$ 42	457 %	\$ 836	\$ 226	270 %
Operating income as a percentage of revenue	26.9 %	28.2 %	(1.3) pts	24.2 %	27.7 %	(3.5) pts
Interest and other income (loss), net	\$ 32	\$ 154	(79) %	\$ 143	\$ 261	(45) %
Income tax percentage	21.8 %	18.6 %	3.2 pts	20.5 %	19.6 %	0.9 pts
Net income	\$ 2,545	\$ 2,878	(12) %	\$ 4,719	\$ 5,804	(19) %
Net income as a percentage of revenue	21.3 %	24.0 %	(2.7) pts	19.8 %	23.1 %	(3.3) pts
Earnings per share—diluted	\$ 0.60	\$ 0.68	(12) %	\$ 1.11	\$ 1.36	(18) %

**CISCO SYSTEMS, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)**

*Three Months Ended January 23, 2021 Compared with Three Months Ended January 25, 2020*

In the second quarter of fiscal 2021, we saw improving business momentum and delivered strong total gross margin in a challenging environment with the COVID-19 pandemic. As customers have accelerated their digitization and cloud investments in the wake of the pandemic, we have been focusing on executing and innovating to support and assist that transition. Total revenue was flat compared with the second quarter of fiscal 2020. Our product revenue declined in Infrastructure Platforms partially offset by growth in Security, and we continued to make progress in the transition of our business model to increased software and subscriptions. We remain focused on accelerating innovation across our portfolio, and we believe that we have made continued progress on our strategic priorities. We continue to operate in a challenging macroeconomic and highly competitive environment. While the overall environment remains uncertain, we continue to aggressively invest in priority areas with the objective of driving profitable growth over the long term.

Within total revenue, product revenue decreased by 1% and service revenue increased by 2%. Total gross margin increased by 0.4 percentage points, driven by favorable product mix and to a lesser extent, productivity improvements, partially offset by pricing erosion. As a percentage of revenue, research and development, sales and marketing, and general and administrative expenses, collectively, was flat. Operating income as a percentage of revenue decreased by 1.3 percentage points. We incurred restructuring and other charges of \$234 million in the second quarter of fiscal 2021, which resulted in a decrease of 12% in net income and a decrease of 12% in diluted earnings per share.

In terms of our geographic segments, revenue from the Americas decreased \$44 million, EMEA revenue increased by \$73 million and APJC revenue decreased by \$75 million. We continue to experience continuing weakness in emerging countries, and we expect ongoing uncertainty in this market. The "BRICM" countries experienced a product revenue decline of 13% in the aggregate, driven by decreased product revenue across each of the BRICM countries.

From a customer market standpoint, we experienced product revenue declines in the enterprise, service provider and commercial markets, partially offset by product revenue growth in the public sector market. We are seeing improvement in business momentum in the service provider, public sector and commercial markets.

From a product category perspective, the product revenue decrease of 1% was driven by declines in revenue in Infrastructure Platforms of 3%, partially offset by a product revenue increase in Security of 10%. Applications was flat.

*Six Months Ended January 23, 2021 Compared with Six Months Ended January 25, 2020*

Total revenue decreased 5%, with product revenue decreasing 7% and service revenue increasing 2%. Total gross margin decreased by 0.2 percentage points due to pricing erosion, and to a lesser extent, lower productivity benefits, partially offset by favorable impacts from product mix. As a percentage of revenue, research and development, sales and marketing, and general and administrative expenses collectively increased by 0.7 percentage points. Operating income as a percentage of revenue decreased by 3.5 percentage points. We incurred restructuring and other charges of \$836 million in the first six months of fiscal 2021, which resulted in a decrease of 19% in net income and a decrease of 18% in diluted earnings per share.

**COVID-19 Pandemic Response Summary**

During this extraordinary time, our priority has been supporting our employees, customers, partners and communities, while positioning Cisco for the future. The pandemic has driven organizations across the globe to digitize their operations and support remote workforces at a faster speed and greater scale than ever before. We remain focused on providing the technology and solutions our customers need to accelerate their digital organizations. The actions we have taken and are taking include:

Employees

- Most of our global workforce working from home.
- Seamless transition to work from home with a long-standing flexible work policy, and we build the technologies that allow organizations to stay connected, secure and productive.
- For the remainder who must be in the office to perform their roles, we are focused on their health and safety, and are taking all of the necessary precautions.

Customer and Partners

- Provided a variety of free offers and trials for our Webex and security technologies as they dramatically shifted entire workforces to be remote.

Communities

- Committed significant funds to support both global and local pandemic response efforts.
- Provided technology and financial support for non-profits, first responders, and governments.
- Donated personal protective equipment to hospital workers including N95 masks and face shields 3D-printed by Cisco volunteers around the world.

**CISCO SYSTEMS, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)**

**Strategy and Priorities**

As our customers add billions of new connections to their enterprises, and as more applications move to a multicloud environment, the network becomes even more critical. Our customers are navigating change at an unprecedented pace and our mission is to inspire new possibilities for them by helping transform their infrastructure, expand applications and analytics, address their security needs, and empower their teams. We believe that our customers are looking for intent-based networks that provide meaningful business value through automation, security, and analytics across private, hybrid, and multicloud environments. Our vision is to deliver highly secure, software-defined, automated and intelligent platforms for our customers.

For additional discussion of our strategy and priorities, see Item 1. Business in our Annual Report on Form 10-K for the year ended July 25, 2020.

**Other Key Financial Measures**

The following is a summary of our other key financial measures for the second quarter of fiscal 2021 (in millions):

	January 23, 2021	July 25, 2020
Cash and cash equivalents and investments	\$ 30,588	\$ 29,419
Deferred revenue	\$ 20,846	\$ 20,446
Inventories	\$ 1,436	\$ 1,282

  

	Six Months Ended	
	January 23, 2021	January 25, 2020
Cash provided by operating activities	\$ 7,070	\$ 7,387
Repurchases of common stock—stock repurchase program	\$ 1,601	\$ 1,638
Dividends paid	\$ 3,041	\$ 2,972

## CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements and related disclosures in conformity with accounting principles generally accepted in the United States requires us to make judgments, assumptions, and estimates that affect the amounts reported in the Consolidated Financial Statements and accompanying notes. Note 2 to the Consolidated Financial Statements in our Annual Report on Form 10-K for the year ended July 25, 2020, as updated as applicable in Note 2 to the Consolidated Financial Statements herein, describes the significant accounting policies and methods used in the preparation of the Consolidated Financial Statements. The accounting policies described below are significantly affected by critical accounting estimates. Such accounting policies require significant judgments, assumptions, and estimates used in the preparation of the Consolidated Financial Statements, and actual results could differ materially from the amounts reported based on these policies.

The inputs into certain of our judgments, assumptions, and estimates considered the economic implications of the COVID-19 pandemic on our critical and significant accounting estimates. The COVID-19 pandemic did not have a material impact on our significant judgments, assumptions and estimates that are reflected in our results for the second quarter and first six months of fiscal 2021. These estimates are listed in our Annual Report on Form 10-K for the year ending July 25, 2020, and include: goodwill and identified purchased intangible assets and income taxes, among other items. The actual results that we experience may differ materially from our estimates. As the COVID-19 pandemic continues to develop, many of our estimates could require increased judgment and carry a higher degree of variability and volatility. As events continue to evolve our estimates may change materially in future periods.

### Revenue Recognition

We enter into contracts with customers that can include various combinations of products and services which are generally distinct and accounted for as separate performance obligations. As a result, our contracts may contain multiple performance obligations. We determine whether arrangements are distinct based on whether the customer can benefit from the product or service on its own or together with other resources that are readily available and whether our commitment to transfer the product or service to the customer is separately identifiable from other obligations in the contract. We classify our hardware, perpetual software licenses, and SaaS as distinct performance obligations. Term software licenses represent multiple obligations, which include software licenses and software maintenance. In transactions where we deliver hardware or software, we are typically the principal and we record revenue and costs of goods sold on a gross basis.

We recognize revenue upon transfer of control of promised goods or services in a contract with a customer in an amount that reflects the consideration we expect to receive in exchange for those products or services. Transfer of control occurs once the customer has the contractual right to use the product, generally upon shipment or once title and risk of loss has transferred to the customer. Transfer of control can also occur over time for software maintenance and services as the customer receives the benefit over the contract term. Our hardware and perpetual software licenses are distinct performance obligations where revenue is recognized upfront upon transfer of control. Term software licenses include multiple performance obligations where the term licenses are recognized upfront upon transfer of control, with the associated software maintenance revenue recognized ratably over the contract term as services and software updates are provided. SaaS arrangements do not include the right for the customer to take possession of the software during the term, and therefore have one distinct performance obligation which is satisfied over time with revenue recognized ratably over the contract term as the customer consumes the services. On our product sales, we record consideration from shipping and handling on a gross basis within net product sales. We record our revenue net of any associated sales taxes.

Revenue is allocated among these performance obligations in a manner that reflects the consideration that we expect to be entitled to for the promised goods or services based on standalone selling prices (SSP). SSP is estimated for each distinct performance obligation and judgment may be required in their determination. The best evidence of SSP is the observable price of a product or service when we sell the goods separately in similar circumstances and to similar customers. In instances where SSP is not directly observable, we determine SSP using information that may include market conditions and other observable inputs.

We apply judgment in determining the transaction price as we may be required to estimate variable consideration when determining the amount of revenue to recognize. Variable consideration includes potential contractual penalties and various rebate, cooperative marketing and other incentive programs that we offer to our distributors, channel partners and customers. When determining the amount of revenue to recognize, we estimate the expected usage of these programs, applying the expected value or most likely estimate and update the estimate at each reporting period as actual utilization becomes available. We also consider the customers' right of return in determining the transaction price, where applicable. If actual credits received by distributors under these programs were to deviate significantly from our estimates, which are based on historical experience, our revenue could be adversely affected.

See Note 3 to the Consolidated Financial Statements for more details.

**Loss Contingencies**

We are subject to the possibility of various losses arising in the ordinary course of business. We consider the likelihood of impairment of an asset or the incurrence of a liability, as well as our ability to reasonably estimate the amount of loss, in determining loss contingencies. An estimated loss contingency is accrued when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. We regularly evaluate information available to us to determine whether such accruals should be made or adjusted and whether new accruals are required.

Third parties, including customers, have in the past and may in the future assert claims or initiate litigation related to exclusive patent, copyright, trademark, and other intellectual property rights to technologies and related standards that are relevant to us. These assertions have increased over time as a result of our growth and the general increase in the pace of patent claims assertions, particularly in the United States. If any infringement or other intellectual property claim made against us by any third party is successful, or if we fail to develop non-infringing technology or license the proprietary rights on commercially reasonable terms and conditions, our business, operating results, and financial condition could be materially and adversely affected.

**Goodwill and Purchased Intangible Asset Impairments**

Our methodology for allocating the purchase price relating to purchase acquisitions is determined through established valuation techniques. Goodwill represents a residual value as of the acquisition date, which in most cases results in measuring goodwill as an excess of the purchase consideration transferred plus the fair value of any noncontrolling interest in the acquired company over the fair value of net assets acquired, including contingent consideration. We perform goodwill impairment tests on an annual basis in the fourth fiscal quarter and between annual tests in certain circumstances for each reporting unit. The assessment of fair value for goodwill and purchased intangible assets is based on factors that market participants would use in an orderly transaction in accordance with the new accounting guidance for the fair value measurement of nonfinancial assets.

In response to changes in industry and market conditions, we could be required to strategically realign our resources and consider restructuring, disposing of, or otherwise exiting businesses, which could result in an impairment of goodwill. There was no impairment of goodwill in each of the first six months of fiscal 2021 and 2020.

The fair value of acquired technology and patents, as well as acquired technology under development, is determined at acquisition date primarily using the income approach, which discounts expected future cash flows to present value. The discount rates used in the present value calculations are typically derived from a weighted-average cost of capital analysis and then adjusted to reflect risks inherent in the development lifecycle as appropriate. We consider the pricing model for products related to these acquisitions to be standard within the high-technology communications industry, and the applicable discount rates represent the rates that market participants would use for valuation of such intangible assets.

We make judgments about the recoverability of purchased intangible assets with finite lives whenever events or changes in circumstances indicate that an impairment may exist. Recoverability of purchased intangible assets with finite lives is measured by comparing the carrying amount of the asset to the future undiscounted cash flows the asset is expected to generate. We review indefinite-lived intangible assets for impairment annually or whenever events or changes in circumstances indicate that the asset might be impaired. If the asset is considered to be impaired, the amount of any impairment is measured as the difference between the carrying value and the fair value of the impaired asset. Assumptions and estimates about future values and remaining useful lives of our purchased intangible assets are complex and subjective. They can be affected by a variety of factors, including external factors such as industry and economic trends, and internal factors such as changes in our business strategy and our internal forecasts.

Our ongoing consideration of all the factors described previously could result in impairment charges in the future, which could adversely affect our net income.

**Income Taxes**

We are subject to income taxes in the United States and numerous foreign jurisdictions. Our effective tax rates differ from the statutory rate, primarily due to the tax impact of state taxes, foreign operations, R&D tax credits, foreign-derived intangible income deductions, global intangible low-taxed income, tax audit settlements, nondeductible compensation, international realignments, and transfer pricing adjustments. Our effective tax rate was 21.8% and 18.6% in the second quarter of fiscal 2021 and 2020, respectively, and 20.5% and 19.6% in the first six months of fiscal 2021 and 2020, respectively.

Significant judgment is required in evaluating our uncertain tax positions and determining our provision for income taxes. Although we believe our reserves are reasonable, no assurance can be given that the final tax outcome of these matters will not be different from that which is reflected in our historical income tax provisions and accruals. We adjust these reserves in light of changing facts and circumstances, such as the closing of a tax audit or the refinement of an estimate. To the extent that the

final tax outcome of these matters is different than the amounts recorded, such differences will impact the provision for income taxes in the period in which such determination is made. The provision for income taxes includes the impact of reserve provisions and changes to reserves that are considered appropriate, as well as the related net interest and penalties.

Significant judgment is also required in determining any valuation allowance recorded against deferred tax assets. In assessing the need for a valuation allowance, we consider all available evidence, including past operating results, estimates of future taxable income, and the feasibility of tax planning strategies. In the event that we change our determination as to the amount of deferred tax assets that can be realized, we will adjust our valuation allowance with a corresponding impact to the provision for income taxes in the period in which such determination is made.

Our provision for income taxes is subject to volatility and could be adversely impacted by earnings being lower than anticipated in countries that have lower tax rates and higher than anticipated in countries that have higher tax rates; by changes in the valuation of our deferred tax assets and liabilities; by changes to foreign-derived intangible income deduction, global intangible low-tax income and base erosion and anti-abuse tax laws, regulations, or interpretations thereof; by expiration of or lapses in tax incentives; by transfer pricing adjustments, including the effect of acquisitions on our legal structure; by tax effects of nondeductible compensation; by tax costs related to intercompany realignments; by changes in accounting principles; or by changes in tax laws and regulations, treaties, or interpretations thereof, including changes to the taxation of earnings of our foreign subsidiaries, the deductibility of expenses attributable to foreign income, and the foreign tax credit rules. Significant judgment is required to determine the recognition and measurement attributes prescribed in the accounting guidance for uncertainty in income taxes. The Organisation for Economic Co-operation and Development (OECD), an international association comprised of 37 countries, including the United States, has made changes to numerous long-standing tax principles. There can be no assurance that these changes, once adopted by countries, will not have an adverse impact on our provision for income taxes. Further, as a result of certain of our ongoing employment and capital investment actions and commitments, our income in certain countries was subject to reduced tax rates. Our failure to meet these commitments could adversely impact our provision for income taxes. In addition, we are subject to the continuous examination of our income tax returns by the Internal Revenue Service (IRS) and other tax authorities. We regularly assess the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of our provision for income taxes. There can be no assurance that the outcomes from these continuous examinations will not have an adverse impact on our operating results and financial condition.

## RESULTS OF OPERATIONS

### Revenue

The following table presents the breakdown of revenue between product and service (in millions, except percentages):

	Three Months Ended				Six Months Ended			
	January 23, 2021	January 25, 2020	Variance in Dollars	Variance in Percent	January 23, 2021	January 25, 2020	Variance in Dollars	Variance in Percent
<b>Revenue:</b>								
Product	\$ 8,572	\$ 8,671	\$ (99)	(1) %	\$ 17,159	\$ 18,549	\$ (1,390)	(7) %
<i>Percentage of revenue</i>	<i>71.7 %</i>	<i>72.2 %</i>			<i>71.8 %</i>	<i>73.7 %</i>		
Service	3,388	3,334	54	2 %	6,730	6,615	115	2 %
<i>Percentage of revenue</i>	<i>28.3 %</i>	<i>27.8 %</i>			<i>28.2 %</i>	<i>26.3 %</i>		
<b>Total</b>	<b>\$ 11,960</b>	<b>\$ 12,005</b>	<b>\$ (45)</b>	<b>— %</b>	<b>\$ 23,889</b>	<b>\$ 25,164</b>	<b>\$ (1,275)</b>	<b>(5) %</b>

We manage our business primarily on a geographic basis, organized into three geographic segments. Our revenue, which includes product and service for each segment, is summarized in the following table (in millions, except percentages):

	Three Months Ended				Six Months Ended			
	January 23, 2021	January 25, 2020	Variance in Dollars	Variance in Percent	January 23, 2021	January 25, 2020	Variance in Dollars	Variance in Percent
<b>Revenue:</b>								
Americas	\$ 6,969	\$ 7,013	\$ (44)	(1) %	\$ 14,168	\$ 14,990	\$ (822)	(5) %
<i>Percentage of revenue</i>	<i>58.3 %</i>	<i>58.4 %</i>			<i>59.3 %</i>	<i>59.6 %</i>		
EMEA	3,207	3,134	73	2 %	6,171	6,417	(246)	(4) %
<i>Percentage of revenue</i>	<i>26.8 %</i>	<i>26.1 %</i>			<i>25.8 %</i>	<i>25.5 %</i>		
APJC	1,784	1,859	(75)	(4) %	3,551	3,758	(207)	(6) %
<i>Percentage of revenue</i>	<i>14.9 %</i>	<i>15.5 %</i>			<i>14.9 %</i>	<i>14.9 %</i>		
<b>Total</b>	<b>\$ 11,960</b>	<b>\$ 12,005</b>	<b>\$ (45)</b>	<b>— %</b>	<b>\$ 23,889</b>	<b>\$ 25,164</b>	<b>\$ (1,275)</b>	<b>(5) %</b>

Amounts may not sum and percentages may not recalculate due to rounding.

#### *Three Months Ended January 23, 2021 Compared with Three Months Ended January 25, 2020*

Total revenue was flat. Product revenue decreased by 1% and service revenue increased by 2%. Our total revenue reflected declines in the Americas and APJC segments while revenue grew in the EMEA segment. Product revenue for the emerging countries of BRICM, in the aggregate, experienced a 13% product revenue decline, with decreases in each of these countries.

In addition to the impact of macroeconomic factors, including the IT spending environment and the level of spending by government entities, revenue by segment in a particular period may be significantly impacted by several factors related to revenue recognition, including the complexity of transactions such as multiple performance obligations; the mix of financing arrangements provided to channel partners and customers; and final acceptance of the product, system, or solution, among other factors. In addition, certain customers tend to make large and sporadic purchases, and the revenue related to these transactions may also be affected by the timing of revenue recognition, which in turn would impact the revenue of the relevant segment.

#### *Six Months Ended January 23, 2021 Compared with Six Months Ended January 25, 2020*

Total revenue decreased by 5%. Product revenue decreased by 7% and service revenue increased by 2%. Our total revenue reflected declines across each of our geographic segments. Product revenue for the emerging countries of BRICM, in the aggregate, experienced a 21% product revenue decline, with decreases in each of these countries.



**CISCO SYSTEMS, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)**

**Product Revenue by Segment**

The following table presents the breakdown of product revenue by segment (in millions, except percentages):

	Three Months Ended				Six Months Ended			
	January 23, 2021	January 25, 2020	Variance in Dollars	Variance in Percent	January 23, 2021	January 25, 2020	Variance in Dollars	Variance in Percent
<b>Product revenue:</b>								
Americas	\$ 4,888	\$ 4,935	\$ (47)	(1) %	\$ 10,017	\$ 10,842	\$ (825)	(8) %
<i>Percentage of product revenue</i>	57.1 %	56.9 %			58.4 %	58.4 %		
EMEA	2,438	2,393	45	2 %	4,648	4,951	(303)	(6) %
<i>Percentage of product revenue</i>	28.4 %	27.6 %			27.1 %	26.7 %		
APJC	1,246	1,343	(97)	(7) %	2,494	2,757	(263)	(10) %
<i>Percentage of product revenue</i>	14.5 %	15.5 %			14.5 %	14.9 %		
<b>Total</b>	<u>\$ 8,572</u>	<u>\$ 8,671</u>	<u>\$ (99)</u>	(1) %	<u>\$ 17,159</u>	<u>\$ 18,549</u>	<u>\$ (1,390)</u>	(7) %

Amounts may not sum and percentages may not recalculate due to rounding.

**Americas**
Three Months Ended January 23, 2021 Compared with Three Months Ended January 25, 2020

Product revenue in the Americas segment decreased by 1%. The product revenue decrease was driven by declines in the enterprise and service provider markets. These declines were offset by growth in the public sector and commercial markets. From a country perspective, product revenue decreased by 16% in Mexico and 14% in Brazil, partially offset by growth in product revenue in Canada of 6%. Product revenue in the United States was flat.

Six Months Ended January 23, 2021 Compared with Six Months Ended January 25, 2020

The decrease in product revenue in the Americas segment was driven by declines in the enterprise, commercial and service provider markets. The decreases were partially offset by product revenue growth in the public sector market. From a country perspective, product revenue decreased in the United States, Canada, Mexico and Brazil by 7%, 10%, 20% and 28%, respectively.

**EMEA**
Three Months Ended January 23, 2021 Compared with Three Months Ended January 25, 2020

Product revenue in the EMEA segment increased by 2%, with growth in the service provider, public sector and enterprise markets partially offset by a decline in the commercial market. Product revenue from emerging countries within EMEA decreased by 13% and product revenue for the remainder of the EMEA segment, which primarily consists of countries in Western Europe, increased by 7%. From a country perspective, product revenue increased by 18% in Germany and 6% in France, partially offset by a decline in product revenue of 7% in the United Kingdom.

Six Months Ended January 23, 2021 Compared with Six Months Ended January 25, 2020

Product revenue in the EMEA segment decreased by 6%, with declines in the commercial, enterprise and public sector markets partially offset by growth in the service provider market. Product revenue from emerging countries within EMEA decreased by 14% and product revenue for the remainder of the EMEA segment decreased by 3%. From a country perspective, product revenue declined 10% in the United Kingdom and 6% in France, partially offset by growth in product revenue of 6% in Germany.

**APJC**
Three Months Ended January 23, 2021 Compared with Three Months Ended January 25, 2020

Product revenue in the APJC segment decreased by 7%, driven by declines in the service provider, enterprise and commercial markets partially offset by growth in the public sector market. From a country perspective, product revenue decreased in Australia, India and China by 4%, 10%, and 9%, respectively, partially offset by a product revenue increase in Japan of 3%.

**CISCO SYSTEMS, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)**

*Six Months Ended January 23, 2021 Compared with Six Months Ended January 25, 2020*

Product revenue in the APJC segment decreased by 10%, with declines across each of the customer markets in this geographic segment. From a country perspective, product revenue decreased in Australia, India and China by 10%, 24% and 19%, respectively, partially offset by a product revenue increase of 8% in Japan.

**Product Revenue by Category**

In addition to the primary view on a geographic basis, we also prepare financial information related to product categories and customer markets for various purposes. We report our product revenue in the following categories: Infrastructure Platforms, Applications, Security, and Other Products. This aligns our product categories with our evolving business model. Prior period amounts have been reclassified to conform to the current period's presentation.

The following table presents product revenue by category (in millions, except percentages):

	Three Months Ended				Six Months Ended			
	January 23, 2021	January 25, 2020	Variance in Dollars	Variance in Percent	January 23, 2021	January 25, 2020	Variance in Dollars	Variance in Percent
Product revenue:								
Infrastructure Platforms	\$ 6,391	\$ 6,567	\$ (176)	(3) %	\$ 12,732	\$ 14,120	\$ (1,388)	(10) %
Applications	1,354	1,349	5	— %	2,734	2,847	(113)	(4) %
Security	822	749	73	10 %	1,684	1,565	119	8 %
Other Products	4	7	(3)	(39) %	9	17	(8)	(49) %
Total	<u>\$ 8,572</u>	<u>\$ 8,671</u>	<u>\$ (99)</u>	(1) %	<u>\$ 17,159</u>	<u>\$ 18,549</u>	<u>\$ (1,390)</u>	(7) %

Amounts may not sum and percentages may not recalculate due to rounding.

**Infrastructure Platforms**

*Three Months Ended January 23, 2021 Compared with Three Months Ended January 25, 2020*

The Infrastructure Platforms product category represents our core networking offerings related to switching, routing, wireless, and the data center. Infrastructure Platforms revenue decreased by 3%, or \$176 million. This was the product area most impacted by the COVID-19 pandemic environment. Switching revenue was flat. We experienced revenue growth in data center switching driven by increased revenue from our Nexus 9000 Series. This product revenue growth was partially offset by declines in campus switching, although we had revenue growth in our intent-based networking Catalyst 9000 Series. We experienced a decrease in sales of routing products, with declines primarily in the service provider market. We experienced revenue growth from wireless products driven by our WiFi6 products and Meraki offerings. Revenue from data center declined primarily driven by our servers products.

*Six Months Ended January 23, 2021 Compared with Six Months Ended January 25, 2020*

Revenue from the Infrastructure Platforms product category decreased 10%, or \$1.4 billion, with declines across the portfolio with the exception of wireless. Switching revenue declined in both campus switching and data center switching, although we saw revenue growth in our intent-based networking Catalyst 9000 Series and Nexus 9000 Series. The decrease in routing was driven by continued weakness in the service provider and enterprise markets. Revenue from data center decreased driven primarily by our server products.

**Applications**

*Three Months Ended January 23, 2021 Compared with Three Months Ended January 25, 2020*

The Applications product category includes our collaboration offerings (unified communications, Cisco TelePresence and conferencing) as well as the Internet of Things (IoT) and AppDynamics analytics software offerings. Revenue in our Applications product category was flat, driven by double digit growth in Webex partially offset by declines in Unified Communications and Cisco TelePresence.

*Six Months Ended January 23, 2021 Compared with Six Months Ended January 25, 2020*

Revenue in our Applications product category decreased by 4%, or \$113 million, with declines in Unified Communications and Cisco Telepresence partially offset by double digit growth in Webex.

**CISCO SYSTEMS, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)**

**Security***Three Months Ended January 23, 2021 Compared with Three Months Ended January 25, 2020*

Revenue in our Security product category increased 10%, or \$73 million with growth across the portfolio. Our cloud security portfolio reflected strong double-digit growth and continued momentum with our Duo and Umbrella offerings.

*Six Months Ended January 23, 2021 Compared with Six Months Ended January 25, 2020*

Revenue in our Security product category increased by 8%, or \$119 million, driven by growth in our cloud security portfolio reflecting growth and continued momentum with our Duo and Umbrella offerings.

**Service Revenue by Segment**

The following table presents the breakdown of service revenue by segment (in millions, except percentages):

	Three Months Ended				Six Months Ended			
	January 23, 2021	January 25, 2020	Variance in Dollars	Variance in Percent	January 23, 2021	January 25, 2020	Variance in Dollars	Variance in Percent
<b>Service revenue:</b>								
Americas	\$ 2,081	\$ 2,078	\$ 3	— %	\$ 4,151	\$ 4,148	\$ 3	— %
<i>Percentage of service revenue</i>	<i>61.4 %</i>	<i>62.3 %</i>			<i>61.7 %</i>	<i>62.7 %</i>		
EMEA	769	741	28	4 %	1,523	1,466	57	4 %
<i>Percentage of service revenue</i>	<i>22.7 %</i>	<i>22.2 %</i>			<i>22.6 %</i>	<i>22.2 %</i>		
APJC	538	515	23	4 %	1,057	1,001	56	6 %
<i>Percentage of service revenue</i>	<i>15.9 %</i>	<i>15.5 %</i>			<i>15.7 %</i>	<i>15.1 %</i>		
<b>Total</b>	<b>\$ 3,388</b>	<b>\$ 3,334</b>	<b>\$ 54</b>	<b>2 %</b>	<b>\$ 6,730</b>	<b>\$ 6,615</b>	<b>\$ 115</b>	<b>2 %</b>

Amounts may not sum and percentages may not recalculate due to rounding.

Service revenue increased 2% in each of the second quarter and first six months of fiscal 2021 compared to the corresponding periods of fiscal 2020. The increases in both periods were driven by revenue growth in solution support offerings. Service revenue increased across all geographic segments.

**CISCO SYSTEMS, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)**

**Gross Margin**

The following table presents the gross margin for products and services (in millions, except percentages):

	Three Months Ended				Six Months Ended			
	AMOUNT		PERCENTAGE		AMOUNT		PERCENTAGE	
	January 23, 2021	January 25, 2020	January 23, 2021	January 25, 2020	January 23, 2021	January 25, 2020	January 23, 2021	January 25, 2020
<b>Gross margin:</b>								
Product	\$ 5,528	\$ 5,545	64.5 %	63.9 %	\$ 10,909	\$ 11,899	63.6 %	64.1 %
Service	2,256	2,219	66.6 %	66.6 %	4,456	4,329	66.2 %	65.4 %
Total	<u>\$ 7,784</u>	<u>\$ 7,764</u>	65.1 %	64.7 %	<u>\$ 15,365</u>	<u>\$ 16,228</u>	64.3 %	64.5 %

**Product Gross Margin**

The following table summarizes the key factors that contributed to the change in product gross margin percentage for the second quarter and first six months of fiscal 2021, as compared with the corresponding prior year periods:

	Product Gross Margin Percentage	
	Three Months Ended	Six Months Ended
<b>Fiscal 2020</b>	63.9 %	64.1 %
Productivity <sup>(1)</sup>	0.6 %	(0.1)%
Product pricing	(1.6)%	(1.6)%
Mix of products sold	1.7 %	1.6 %
Legal and indemnification charge	— %	(0.2)%
Others	(0.1)%	(0.2)%
<b>Fiscal 2021</b>	<u>64.5 %</u>	<u>63.6 %</u>

<sup>(1)</sup>Productivity includes overall manufacturing-related costs, such as component costs, warranty expense, provision for inventory, freight, logistics, shipment volume, and other items not categorized elsewhere.

Three Months Ended January 23, 2021 Compared with Three Months Ended January 25, 2020

Product gross margin increased by 0.6 percentage points driven by favorable product mix and productivity improvements, partially offset by pricing erosion.

Productivity improvements were driven by cost reductions including value engineering efforts (e.g. component redesign, board configuration, test processes and transformation processes) and continued efficiency in manufacturing operations. In the second quarter of fiscal 2021, as a result of the COVID-19 pandemic, we continued to incur additional logistics costs, such as freight which had a negative impact on product gross margin. The pricing erosion was driven by typical market factors and impacted each of our geographic segments. The favorable mix was driven by changes in the proportion of products sold from each of our product categories as compared to the corresponding period of fiscal 2020.

Six Months Ended January 23, 2021 Compared with Six Months Ended January 25, 2020

Product gross margin decreased by 0.5 percentage points driven by pricing erosion and to a lesser extent, productivity, partially offset by favorable impacts from product mix. In the first six months of fiscal 2021, as a result of the COVID-19 pandemic, we incurred additional logistics costs, such as freight which had a negative impact on product gross margin.

**Service Gross Margin**
Three Months Ended January 23, 2021 Compared with Three Months Ended January 25, 2020

Our service gross margin percentage was flat primarily due to higher sales volume and favorable mix of service offerings, partially offset by higher headcount-related and delivery costs.

Our service gross margin normally experiences some fluctuations due to various factors such as the timing of contract initiations in our renewals, our strategic investments in headcount, and the resources we deploy to support the overall service business. Other factors include the mix of service offerings, as the gross margin from our advanced services is typically lower than the gross margin from technical support services.

**CISCO SYSTEMS, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)**

*Six Months Ended January 23, 2021 Compared with Six Months Ended January 25, 2020*

Service gross margin percentage increased by 0.8 percentage points due to higher sales volume and favorable mix of service offerings, partially offset by increased headcount-related and delivery costs.

**Gross Margin by Segment**

The following table presents the total gross margin for each segment (in millions, except percentages):

	Three Months Ended				Six Months Ended			
	AMOUNT		PERCENTAGE		AMOUNT		PERCENTAGE	
	January 23, 2021	January 25, 2020	January 23, 2021	January 25, 2020	January 23, 2021	January 25, 2020	January 23, 2021	January 25, 2020
<b>Gross margin:</b>								
Americas	\$ 4,705	\$ 4,692	67.5 %	66.9 %	\$ 9,552	\$ 10,008	67.4 %	66.8 %
EMEA	2,145	2,062	66.9 %	65.8 %	4,038	4,229	65.4 %	65.9 %
APJC	1,155	1,219	64.8 %	65.6 %	2,268	2,413	63.9 %	64.2 %
Segment total	8,005	7,974	66.9 %	66.4 %	15,858	16,650	66.4 %	66.2 %
Unallocated corporate items <sup>(1)</sup>	(221)	(210)			(493)	(422)		
<b>Total</b>	<b>\$ 7,784</b>	<b>\$ 7,764</b>	<b>65.1 %</b>	<b>64.7 %</b>	<b>\$ 15,365</b>	<b>\$ 16,228</b>	<b>64.3 %</b>	<b>64.5 %</b>

<sup>(1)</sup> The unallocated corporate items include the effects of amortization and impairments of acquisition-related intangible assets, share-based compensation expense, significant litigation settlements and other contingencies, charges related to asset impairments and restructurings, and certain other charges. We do not allocate these items to the gross margin for each segment because management does not include such information in measuring the performance of the operating segments.

Amounts may not sum and percentages may not recalculate due to rounding.

*Three Months Ended January 23, 2021 Compared with Three Months Ended January 25, 2020*

We experienced a gross margin percentage increase in our Americas segment due to favorable impacts from product mix and productivity improvements, partially offset by pricing erosion.

Gross margin in our EMEA segment increased due favorable impacts from productivity improvements and product mix, partially offset by pricing erosion. Higher service gross margin also contributed to the increase in the gross margin in this geographic segment.

The APJC segment gross margin percentage decrease was due to pricing erosion, partially offset by favorable impacts from product mix. Lower service gross margin also contributed to the decrease in the gross margin in this geographic segment.

The gross margin percentage for a particular segment may fluctuate, and period-to-period changes in such percentages may or may not be indicative of a trend for that segment.

*Six Months Ended January 23, 2021 Compared with Six Months Ended January 25, 2020*

The Americas segment had a gross margin percentage increase driven by favorable product mix, and to a lesser extent, productivity improvements, partially offset by pricing erosion.

The gross margin percentage decrease in our EMEA segment was due to pricing erosion, partially offset by favorable product mix and productivity improvements.

The APJC segment gross margin percentage decrease was driven by pricing erosion, partially offset by productivity improvements and favorable product mix.

**CISCO SYSTEMS, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)**

**Research and Development (“R&D”), Sales and Marketing, and General and Administrative (“G&A”) Expenses**

R&D, sales and marketing, and G&A expenses are summarized in the following table (in millions, except percentages):

	Three Months Ended				Six Months Ended			
	January 23, 2021	January 25, 2020	Variance in Dollars	Variance in Percent	January 23, 2021	January 25, 2020	Variance in Dollars	Variance in Percent
Research and development	\$ 1,527	\$ 1,570	\$ (43)	(3) %	\$ 3,139	\$ 3,236	\$ (97)	(3) %
<i>Percentage of revenue</i>	<i>12.8 %</i>	<i>13.1 %</i>			<i>13.1 %</i>	<i>12.9 %</i>		
Sales and marketing	2,277	2,279	(2)	— %	4,494	4,759	(265)	(6) %
<i>Percentage of revenue</i>	<i>19.0 %</i>	<i>19.0 %</i>			<i>18.8 %</i>	<i>18.9 %</i>		
General and administrative	484	455	29	6 %	1,028	974	54	6 %
<i>Percentage of revenue</i>	<i>4.0 %</i>	<i>3.8 %</i>			<i>4.3 %</i>	<i>3.9 %</i>		
<b>Total</b>	<b>\$ 4,288</b>	<b>\$ 4,304</b>	<b>\$ (16)</b>	<b>— %</b>	<b>\$ 8,661</b>	<b>\$ 8,969</b>	<b>\$ (308)</b>	<b>(3) %</b>
<i>Percentage of revenue</i>	<i>35.9 %</i>	<i>35.9 %</i>			<i>36.3 %</i>	<i>35.6 %</i>		

**R&D Expenses**

Three Months Ended January 23, 2021 Compared with Three Months Ended January 25, 2020

R&D expenses decreased due to lower headcount-related expenses, contracted services spending and discretionary spending.

We continue to invest in R&D in order to bring a broad range of products to market in a timely fashion. If we believe that we are unable to enter a particular market in a timely manner with internally developed products, we may purchase or license technology from other businesses, or we may partner with or acquire businesses as an alternative to internal R&D.

Six Months Ended January 23, 2021 Compared with Six Months Ended January 25, 2020

R&D expenses decreased primarily due to lower discretionary spending and headcount-related expenses, partially offset by higher share-based compensation expense.

**Sales and Marketing Expenses**

Three Months Ended January 23, 2021 Compared with Three Months Ended January 25, 2020

Sales and marketing expenses were flat due to higher headcount-related expenses and contracted services spending, partially offset by lower discretionary spending.

Six Months Ended January 23, 2021 Compared with Six Months Ended January 25, 2020

Sales and marketing expenses decreased primarily due to lower discretionary spending and lower acquisition-related costs partially offset by higher headcount-related expenses.

**G&A Expenses**

Three Months Ended January 23, 2021 Compared with Three Months Ended January 25, 2020

G&A expenses increased due to the impact from the gain recognized on the sale of property that had been held for sale in the second quarter of fiscal 2020, partially offset by lower contracted services spending, lower headcount-related expenses and lower discretionary spending.

Six Months Ended January 23, 2021 Compared with Six Months Ended January 25, 2020

G&A expenses increased due to the impact from the gain recognized on the sale of property that had been held for sale in the second quarter of fiscal 2020, partially offset by lower acquisition-related costs and lower discretionary spending.

**Effect of Foreign Currency**

In the second quarter of fiscal 2021, foreign currency fluctuations, net of hedging, increased the combined R&D, sales and marketing, and G&A expenses by approximately \$29 million, or 0.7%, compared with the second quarter of fiscal 2020.

In the first six months of fiscal 2021, foreign currency fluctuations, net of hedging, increased the combined R&D, sales and marketing, and G&A expenses by approximately \$43 million or 0.5%, compared with the first six months of fiscal 2020.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)**

### Amortization of Purchased Intangible Assets

The following table presents the amortization of purchased intangible assets including impairment charges (in millions):

	Three Months Ended		Six Months Ended	
	January 23, 2021	January 25, 2020	January 23, 2021	January 25, 2020
Amortization of purchased intangible assets:				
Cost of sales	\$ 156	\$ 165	\$ 326	\$ 331
Operating expenses	39	38	75	74
Total	\$ 195	\$ 203	\$ 401	\$ 405

For each of the second quarter and first six months of fiscal 2021, the decrease was primarily due to lower amortization of purchased intangibles from our recent acquisitions.

### Restructuring and Other Charges

In the first quarter of fiscal 2021, we initiated a restructuring plan, which includes a voluntary early retirement program, in order to realign the organization and enable further investment in key priority areas. The total pretax charges are estimated to be approximately \$900 million. In connection with this restructuring plan, we incurred charges of \$232 million and \$834 million for the second quarter and first six months of fiscal 2021. We expect the plan to be substantially completed in fiscal 2021 and estimate it will generate cost savings of approximately \$1.0 billion on an annualized basis over the next few quarters.

We initiated a restructuring plan during fiscal 2020 in order to realign the organization and enable further investment in key priority areas. In connection with this restructuring plan, we have incurred cumulative charges of \$257 million. We expect this restructuring plan to be substantially completed in fiscal 2021.

### Operating Income

The following table presents our operating income and our operating income as a percentage of revenue (in millions, except percentages):

	Three Months Ended		Six Months Ended	
	January 23, 2021	January 25, 2020	January 23, 2021	January 25, 2020
Operating income	\$ 3,223	\$ 3,380	\$ 5,793	\$ 6,959
Operating income as a percentage of revenue	26.9 %	28.2 %	24.2 %	27.7 %

#### Three Months Ended January 23, 2021 Compared with Three Months Ended January 25, 2020

Operating income decreased by 5%, and as a percentage of revenue operating income decreased by 1.3 percentage points. These changes resulted primarily from higher restructuring and other charges, partially offset by a gross margin percentage increase (driven by favorable product mix and productivity improvements, partially offset by pricing erosion).

#### Six Months Ended January 23, 2021 Compared with Six Months Ended January 25, 2020

Operating income decreased by 17%, and as a percentage of revenue operating income decreased by 3.5 percentage points. These changes resulted primarily from a revenue decrease, higher restructuring and other charges and a gross margin percentage decrease (driven by pricing erosion).

**CISCO SYSTEMS, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)**

**Interest and Other Income (Loss), Net**

Interest Income (Expense), Net The following table summarizes interest income and interest expense (in millions):

	Three Months Ended			Six Months Ended		
	January 23, 2021	January 25, 2020	Variance in Dollars	January 23, 2021	January 25, 2020	Variance in Dollars
Interest income	\$ 161	\$ 242	\$ (81)	\$ 335	\$ 515	\$ (180)
Interest expense	(113)	(158)	45	(225)	(336)	111
Interest income (expense), net	\$ 48	\$ 84	\$ (36)	\$ 110	\$ 179	\$ (69)

For each of the second quarter and first six months of fiscal 2021, interest income decreased driven by lower yields on our portfolio. The decrease in interest expense was driven by a lower average debt balance and the impact of lower effective interest rates.

Other Income (Loss), Net The components of other income (loss), net, are summarized as follows (in millions):

	Three Months Ended			Six Months Ended		
	January 23, 2021	January 25, 2020	Variance in Dollars	January 23, 2021	January 25, 2020	Variance in Dollars
Gains (losses) on investments, net:						
Available-for-sale debt investments	\$ 9	\$ 11	\$ (2)	\$ 24	\$ 21	\$ 3
Marketable equity investments	—	—	—	(1)	—	(1)
Non-marketable equity and other investments	(17)	81	(98)	25	91	(66)
Net gains (losses) on investments	(8)	92	(100)	48	112	(64)
Other gains (losses), net	(8)	(22)	14	(15)	(30)	15
Other income (loss), net	\$ (16)	\$ 70	\$ (86)	\$ 33	\$ 82	\$ (49)

Three Months Ended January 23, 2021 Compared with Three Months Ended January 25, 2020

The change in net gains (losses) on non-marketable equity and other investments was primarily due to higher net realized losses, offset by higher net unrealized gains, and lower impairment charges. The change in other gains (losses), net was driven by impacts from foreign exchange and our equity derivatives.

Six Months Ended January 23, 2021 Compared with Six Months Ended January 25, 2020

The change in net gains (losses) on non-marketable equity and other investments was primarily due to higher net realized losses, offset by higher net unrealized gains and lower impairment charges. The change in other gains (losses), net was primarily driven by the impacts from foreign exchange and our equity derivatives.

**Provision for Income Taxes**

Three Months Ended January 23, 2021 Compared with Three Months Ended January 25, 2020

The provision for income taxes resulted in an effective tax rate of 21.8% for the second quarter of fiscal 2021 compared with 18.6% for the second quarter of fiscal 2020. The increase in the effective tax rate was primarily due to a foreign tax audit settlement expense and a decrease in excess tax benefits from share-based compensation in the second quarter of fiscal 2021 as compared to the second quarter of fiscal 2020.

Our effective tax rate will increase or decrease based upon the tax effect of the difference between the share-based compensation expenses and the benefits taken on the company's tax returns. We recognize excess tax benefits on a discrete basis and therefore anticipate the effective tax rate to vary from quarter to quarter depending on our share price in each period.

Six Months Ended January 23, 2021 Compared with Six Months Ended January 25, 2020

The provision for income taxes resulted in an effective tax rate of 20.5% for the first six months of fiscal 2021 compared with 19.6% for the first six months of fiscal 2020. The increase in effective tax rate was primarily due to a decrease in excess tax benefits from share-based compensation in fiscal 2021 as compared to fiscal 2020.



## LIQUIDITY AND CAPITAL RESOURCES

The following sections discuss the effects of changes in our balance sheet, our capital allocation strategy including stock repurchase program and dividends, our contractual obligations, and certain other commitments and activities on our liquidity and capital resources.

### Balance Sheet and Cash Flows

**Cash and Cash Equivalents and Investments** The following table summarizes our cash and cash equivalents and investments (in millions):

	January 23, 2021	July 25, 2020	Increase (Decrease)
Cash and cash equivalents	\$ 11,793	\$ 11,809	\$ (16)
Available-for-sale debt investments	18,790	17,610	1,180
Marketable equity securities	5	—	5
Total	<u>\$ 30,588</u>	<u>\$ 29,419</u>	<u>\$ 1,169</u>

The net increase in cash and cash equivalents and investments in the first six months of fiscal 2021 was primarily driven by cash provided by operating activities of \$7.1 billion. This source of cash was partially offset by cash returned to shareholders in the form of repurchases of common stock of \$1.6 billion and cash dividends of \$3.0 billion; net cash paid for acquisitions and divestitures of \$0.9 billion and capital expenditures of \$0.4 billion.

In addition to cash requirements in the normal course of business, on July 9, 2019 we announced our intent to acquire Acacia. On January 14, 2021, we announced an amendment to the definitive merger agreement. Under the amended agreement, we have agreed to acquire Acacia for a net purchase consideration of approximately \$4.5 billion on a fully diluted basis, net of cash and marketable securities. Additionally, approximately \$0.7 billion of the U.S. transition tax on accumulated earnings for foreign subsidiaries is payable in less than one year. Also, \$5.0 billion of long-term debt outstanding at January 23, 2021 will mature within the next 12 months from the balance sheet date. See further discussion of liquidity under "Liquidity and Capital Resource Requirements" below.

We maintain an investment portfolio of various holdings, types, and maturities. We classify our investments as short-term investments based on their nature and their availability for use in current operations. We believe the overall credit quality of our portfolio is strong, with our cash equivalents and our available-for-sale debt investment portfolio consisting primarily of high quality investment-grade securities. We believe that our strong cash and cash equivalents and investments position is critical at this time of uncertainty due to the COVID-19 pandemic and allows us to use our cash resources for strategic investments to gain access to new technologies, for acquisitions, for customer financing activities, for working capital needs, and for the repurchase of shares of common stock and payment of dividends as discussed below.

**Securities Lending** We periodically engage in securities lending activities with certain of our available-for-sale debt investments. These transactions are accounted for as a secured lending of the securities, and the securities are typically loaned only on an overnight basis. We require collateral equal to at least 102% of the fair market value of the loaned security and that the collateral be in the form of cash or liquid, high-quality assets. We engage in these secured lending transactions only with highly creditworthy counterparties, and the associated portfolio custodian has agreed to indemnify us against collateral losses. We did not experience any losses in connection with the secured lending of securities during the periods presented.

**Free Cash Flow and Capital Allocation** As part of our capital allocation strategy, we intend to return a minimum of 50% of our free cash flow annually to our shareholders through cash dividends and repurchases of common stock.

We define free cash flow as net cash provided by operating activities less cash used to acquire property and equipment. The following table reconciles our net cash provided by operating activities to free cash flow (in millions):

	Six Months Ended	
	January 23, 2021	January 25, 2020
Net cash provided by operating activities	\$ 7,070	\$ 7,387
Acquisition of property and equipment	(358)	(391)
Free cash flow	<u>\$ 6,712</u>	<u>\$ 6,996</u>

**CISCO SYSTEMS, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)**

We expect that cash provided by operating activities may fluctuate in future periods as a result of a number of factors, including fluctuations in our operating results, the rate at which products are shipped during the quarter (which we refer to as shipment linearity), the timing and collection of accounts receivable and financing receivables, inventory and supply chain management, deferred revenue, and the timing and amount of tax and other payments. For additional discussion, see "Part II, Item 1A. Risk Factors" in this report.

We consider free cash flow to be a liquidity measure that provides useful information to management and investors because of our intent to return a stated percentage of free cash flow to shareholders in the form of dividends and stock repurchases. We further regard free cash flow as a useful measure because it reflects cash that can be used to, among other things, invest in our business, make strategic acquisitions, repurchase common stock, and pay dividends on our common stock, after deducting capital investments. A limitation of the utility of free cash flow as a measure of financial performance and liquidity is that the free cash flow does not represent the total increase or decrease in our cash balance for the period. In addition, we have other required uses of cash, including repaying the principal of our outstanding indebtedness. Free cash flow is not a measure calculated in accordance with U.S. generally accepted accounting principles and should not be regarded in isolation or as an alternative for net cash provided by operating activities or any other measure calculated in accordance with such principles, and other companies may calculate free cash flow in a different manner than we do.

The following table summarizes the dividends paid and stock repurchases (in millions, except per-share amounts):

Quarter Ended	DIVIDENDS		STOCK REPURCHASE PROGRAM			
	Per Share	Amount	Shares	Weighted-Average Price per Share	Amount	TOTAL
<b>Fiscal 2021</b>						
January 23, 2021	\$ 0.36	\$ 1,521	19	\$ 42.82	\$ 801	\$ 2,322
October 24, 2020	\$ 0.36	\$ 1,520	20	\$ 40.44	\$ 800	\$ 2,320
<b>Fiscal 2020</b>						
July 25, 2020	\$ 0.36	\$ 1,525	—	\$ —	\$ —	\$ 1,525
April 25, 2020	\$ 0.36	\$ 1,519	25	\$ 39.71	\$ 981	\$ 2,500
January 25, 2020	\$ 0.35	\$ 1,486	18	\$ 46.71	\$ 870	\$ 2,356
October 26, 2019	\$ 0.35	\$ 1,486	16	\$ 48.91	\$ 768	\$ 2,254

On February 9, 2021, our Board of Directors declared a quarterly dividend of \$0.37 per common share to be paid on April 28, 2021 to all stockholders of record as of the close of business on April 6, 2021. Any future dividends are subject to the approval of our Board of Directors.

The remaining authorized amount for stock repurchases under this program is approximately \$9.2 billion, with no termination date.

**Accounts Receivable, Net** The following table summarizes our accounts receivable, net (in millions):

	January 23, 2021	July 25, 2020	Increase (Decrease)
Accounts receivable, net	\$ 4,307	\$ 5,472	\$ (1,165)

Our accounts receivable net, as of January 23, 2021 decreased by approximately 21%, as compared with the end of fiscal 2020, primarily due to timing and amount of product and service billings in the second quarter of fiscal 2021 compared with the fourth quarter of fiscal 2020.

**Inventory Supply Chain** The following table summarizes our inventories and purchase commitments with contract manufacturers and suppliers (in millions):

	January 23, 2021	July 25, 2020	Increase (Decrease)
Inventories	\$ 1,436	\$ 1,282	\$ 154
Purchase commitments with contract manufacturers and suppliers	\$ 4,588	\$ 4,406	\$ 182

Inventory as of January 23, 2021 increased by 12% from our inventory balance at the end of fiscal 2020. The increase in inventory was primarily due to an increase in raw materials and finished goods. Purchase commitments with contract

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manufacturers and suppliers increased 4% compared to the end of fiscal 2020. On a combined basis, inventories and purchase commitments with contract manufacturers and suppliers increased 6% compared with the end of fiscal 2020. We believe our inventory and purchase commitments levels are in line with our current demand forecasts.

We purchase components from a variety of suppliers and use several contract manufacturers to provide manufacturing services for our products. During the normal course of business, in order to manage manufacturing lead times and help ensure adequate component supply, we enter into agreements with contract manufacturers and suppliers that allow them to procure inventory based upon criteria as defined by us or that establish the parameters defining our requirements and our commitment to securing manufacturing capacity.

Our purchase commitments are for short-term product manufacturing requirements as well as for commitments to suppliers to secure manufacturing capacity. Certain of our purchase commitments with contract manufacturers and suppliers relate to arrangements to secure long-term pricing for certain product components for multi-year periods. A significant portion of our reported purchase commitments arising from these agreements are firm, noncancelable, and unconditional commitments. In certain instances, these agreements allow us the option to cancel, reschedule, and adjust our requirements based on our business needs prior to firm orders being placed.

Inventory and supply chain management remain areas of focus as we balance the need to maintain supply chain flexibility to help ensure competitive lead times with the risk of inventory obsolescence because of rapidly changing technology and customer requirements. We believe the amount of our inventory and purchase commitments is appropriate for our revenue levels.

Financing Receivables and Guarantees The following table summarizes our financing receivables (in millions):

	January 23, 2021	July 25, 2020	Increase (Decrease)
Lease receivables, net	\$ 1,840	\$ 2,088	\$ (248)
Loan receivables, net	5,721	5,856	(135)
Financed service contracts, net	2,566	2,821	(255)
Total, net	<u>\$ 10,127</u>	<u>\$ 10,765</u>	<u>\$ (638)</u>

Financing Receivables Our financing arrangements include leases, loans, and financed service contracts. Lease receivables include sales-type leases. Arrangements related to leases are generally collateralized by a security interest in the underlying assets. Our loan receivables include customer financing for purchases of our hardware, software and services and also may include additional funds for other costs associated with network installation and integration of our products and services. We also provide financing to certain qualified customers for long-term service contracts, which primarily relate to technical support services. The majority of the revenue from these financed service contracts is deferred and is recognized ratably over the period during which the services are performed. Financing receivables decreased by 6%.

Financing Guarantees In the normal course of business, third parties may provide financing arrangements to our customers and channel partners under financing programs. The financing arrangements to customers provided by third parties are related to leases and loans and typically have terms of up to three years. In some cases, we provide guarantees to third parties for these lease and loan arrangements. The financing arrangements to channel partners consist of revolving short-term financing provided by third parties, with payment terms generally ranging from 60 to 90 days. During fiscal 2020, we expanded the payment terms on certain of our channel partner financing programs by 30 days in response to the COVID-19 pandemic. In certain instances, these financing arrangements result in a transfer of our receivables to the third party. The receivables are derecognized upon transfer, as these transfers qualify as true sales, and we receive payments for the receivables from the third party based on our standard payment terms.

The volume of channel partner financing was \$12.8 billion and \$14.2 billion for the first six months of fiscal 2021 and 2020, respectively. These financing arrangements facilitate the working capital requirements of the channel partners, and in some cases, we guarantee a portion of these arrangements. The balance of the channel partner financing subject to guarantees was \$1.3 billion and \$1.1 billion as of January 23, 2021 and July 25, 2020, respectively. We could be called upon to make payments under these guarantees in the event of nonpayment by the channel partners or end-user customers. Historically, our payments under these arrangements have been immaterial. Where we provide a guarantee, we defer the revenue associated with the channel partner and end-user financing arrangement in accordance with revenue recognition policies, or we record a liability for the fair value of the guarantees. In either case, the deferred revenue is recognized as revenue when the guarantee is removed. As of January 23, 2021, the total maximum potential future payments related to these guarantees was approximately \$213 million, of which approximately \$27 million was recorded as deferred revenue.

**CISCO SYSTEMS, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)**

**Borrowings**

**Senior Notes** The following table summarizes the principal amount of our senior notes (in millions):

	Maturity Date	January 23, 2021	July 25, 2020
<b>Senior notes:</b>			
<b>Fixed-rate notes:</b>			
2.20%	February 28, 2021	\$ 2,500	\$ 2,500
2.90%	March 4, 2021	500	500
1.85%	September 20, 2021	2,000	2,000
3.00%	June 15, 2022	500	500
2.60%	February 28, 2023	500	500
2.20%	September 20, 2023	750	750
3.625%	March 4, 2024	1,000	1,000
3.50%	June 15, 2025	500	500
2.95%	February 28, 2026	750	750
2.50%	September 20, 2026	1,500	1,500
5.90%	February 15, 2039	2,000	2,000
5.50%	January 15, 2040	2,000	2,000
<b>Total</b>		<b>\$ 14,500</b>	<b>\$ 14,500</b>

Interest is payable semiannually on each class of the senior fixed-rate notes, each of which is redeemable by us at any time, subject to a make-whole premium. We were in compliance with all debt covenants as of January 23, 2021.

**Commercial Paper** We have a short-term debt financing program in which up to \$10.0 billion is available through the issuance of commercial paper notes. We use the proceeds from the issuance of commercial paper notes for general corporate purposes. We had no commercial paper outstanding as of January 23, 2021 and July 25, 2020.

**Credit Facility** On May 15, 2020, we entered into a 364-day credit agreement with certain institutional lenders that provides for a \$2.75 billion unsecured revolving credit facility that is scheduled to expire on May 14, 2021. On January 25, 2021, we entered into an amendment to the credit facility to obtain consent of the lenders to our reincorporation to Delaware. The credit agreement is structured as an amendment and restatement of our five-year credit facility which would have terminated on May 15, 2020, the end of its five-year term. As of January 23, 2021, we were in compliance with the required interest coverage ratio and the other covenants, and we had not borrowed any funds under the credit facility. Any advances under the credit agreement will accrue interest at rates that are equal to, based on certain conditions, either (i) the highest of (a) the Federal Funds rate plus 0.50%, (b) Bank of America's "prime rate" as announced from time to time, or (c) LIBOR, or a comparable or successor rate that is approved by the Administrative Agent ("Eurocurrency Rate"), for an interest period of one month plus 1.00%, or (ii) the Eurocurrency Rate, plus a margin that is based on our senior debt credit ratings as published by Standard & Poor's Financial Services, LLC and Moody's Investors Service, Inc., provided that in no event will the Eurocurrency Rate be less than 0.25%. We may also, upon the agreement of either the then-existing lenders or additional lenders not currently parties to the agreement, increase the commitments under the credit facility by up to an additional \$2.0 billion. This credit agreement requires that we comply with certain covenants, including that we maintain an interest coverage ratio as defined in the agreement.

**Deferred Revenue** The following table presents the breakdown of deferred revenue (in millions):

	January 23, 2021	July 25, 2020	Increase (Decrease)
Product	\$ 8,332	\$ 7,895	\$ 437
Service	12,514	12,551	(37)
<b>Total</b>	<b>\$ 20,846</b>	<b>\$ 20,446</b>	<b>\$ 400</b>
<b>Reported as:</b>			
Current	\$ 11,552	\$ 11,406	\$ 146
Noncurrent	9,294	9,040	254
<b>Total</b>	<b>\$ 20,846</b>	<b>\$ 20,446</b>	<b>\$ 400</b>

**CISCO SYSTEMS, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)**

Deferred product revenue increased primarily due to increased deferrals related to our recurring software offerings. The slight decrease in deferred service revenue was driven by the impact of ongoing amortization of deferred service revenue.

**Remaining Performance Obligations** The following table presents the breakdown of remaining performance obligations (in millions):

	January 23, 2021	July 25, 2020	Increase (Decrease)
Product	\$ 11,666	\$ 11,261	\$ 405
Service	16,512	17,093	(581)
Total	<u>\$ 28,178</u>	<u>\$ 28,354</u>	<u>\$ (176)</u>

Total remaining performance obligations decreased 1% in the first six months of fiscal 2021 compared to the end of fiscal 2020. Remaining performance obligations for product increased 4% compared to the end of fiscal 2020. Remaining performance obligations for service decreased 3%.

### **Contractual Obligations**

#### Transition Tax Payable

The income tax payable outstanding as of January 23, 2021 for the U.S. transition tax on accumulated earnings for foreign subsidiaries is \$6.9 billion. Approximately \$0.7 billion is payable in less than one year; \$2.1 billion is payable between 1 to 3 years; and \$4.1 billion is payable between 3 to 5 years.

For our Contractual Obligations see our Annual Report on Form 10-K for the year ended July 25, 2020.

### **Other Commitments**

In connection with our acquisitions, we have agreed to pay certain additional amounts contingent upon the achievement of certain agreed-upon technology, development, product, or other milestones or the continued employment with us of certain employees of the acquired entities. See Note 14 to the Consolidated Financial Statements.

We also have certain funding commitments primarily related to our non-marketable equity and other investments, some of which may be based on the achievement of certain agreed-upon milestones, and some of which are required to be funded on demand. The funding commitments were \$0.3 billion as of each of January 23, 2021 and July 25, 2020.

### **Off-Balance Sheet Arrangements**

We consider our investments in unconsolidated variable interest entities to be off-balance sheet arrangements. In the ordinary course of business, we have non-marketable equity and other investments and provide financing to certain customers. Certain of these investments are considered to be variable interest entities. We evaluate on an ongoing basis our non-marketable equity and other investments and customer financings, and we have determined that as of January 23, 2021 there were no material unconsolidated variable interest entities.

On an ongoing basis, we reassess our non-marketable equity and other investments and customer financings to determine if they are variable interest entities and if we would be regarded as the primary beneficiary pursuant to the applicable accounting guidance. As a result of this ongoing assessment, we may be required to make additional disclosures or consolidate these entities. Because we may not control these entities, we may not have the ability to influence these events.

We provide financing guarantees, which are generally for various third-party financing arrangements extended to our channel partners and end-user customers. We could be called upon to make payments under these guarantees in the event of nonpayment by the channel partners or end-user customers. See the previous discussion of these financing guarantees under "Financing Receivables and Guarantees."

### **Liquidity and Capital Resource Requirements**

While the COVID-19 pandemic has not materially impacted our liquidity and capital resources to date, it has led to increased disruption and volatility in capital markets and credit markets. The pandemic and resulting economic uncertainty could adversely affect our liquidity and capital resources in the future. Based on past performance and current expectations, we believe our cash and cash equivalents, investments, cash generated from operations, and ability to access capital markets and committed credit lines will satisfy, through at least the next 12 months, our liquidity requirements, both in total and domestically, including the following: working capital needs, capital expenditures, investment requirements, stock repurchases, cash dividends, contractual obligations, commitments, principal and interest payments on debt, pending acquisitions, future customer financings, and other liquidity requirements associated with our operations. There are no other transactions,

arrangements, or relationships with unconsolidated entities or other persons that are reasonably likely to materially affect the liquidity and the availability of, as well as our requirements for, capital resources.

**Item 3. Quantitative and Qualitative Disclosures About Market Risk**

Our financial position is exposed to a variety of risks, including interest rate risk, equity price risk, and foreign currency exchange risk. We have seen an increase in these risks and related uncertainties with increased volatility in the financial markets in the current environment with the COVID-19 pandemic.

**Interest Rate Risk**

**Available-for-Sale Debt Investments** We maintain an investment portfolio of various holdings, types, and maturities. Our primary objective for holding available-for-sale debt investments is to achieve an appropriate investment return consistent with preserving principal and managing risk. At any time, a sharp rise in market interest rates could have a material adverse impact on the fair value of our available-for-sale debt investment portfolio. Conversely, declines in interest rates as has also happened recently, including the impact from lower credit spreads, could have a material adverse impact on interest income for our investment portfolio. We may utilize derivative instruments designated as hedging instruments to achieve our investment objectives. We had no outstanding hedging instruments for our available-for-sale debt investments as of January 23, 2021. Our available-for-sale debt investments are held for purposes other than trading. Our available-for-sale debt investments are not leveraged as of January 23, 2021. We monitor our interest rate and credit risks, including our credit exposures to specific rating categories and to individual issuers. We believe the overall credit quality of our portfolio is strong.

**Financing Receivables** As of January 23, 2021, our financing receivables had a carrying value of \$10.1 billion, compared with \$10.8 billion as of July 25, 2020. As of January 23, 2021, a hypothetical 50 basis points (“BPS”) increase or decrease in market interest rates would change the fair value of our financing receivables by a decrease or increase of approximately \$0.1 billion, respectively.

**Debt** As of January 23, 2021, we had \$14.5 billion in principal amount of senior fixed-rate notes outstanding. The carrying amount of the senior notes was \$14.6 billion, and the related fair value based on market prices was \$16.8 billion. As of January 23, 2021, a hypothetical 50 BPS increase or decrease in market interest rates would change the fair value of the fixed-rate debt, excluding the \$2.5 billion of hedged debt, by a decrease or increase of approximately \$0.5 billion, respectively. However, this hypothetical change in interest rates would not impact the interest expense on the fixed-rate debt that is not hedged.

**Equity Price Risk**

**Marketable Equity Investments** The fair value of our marketable equity investments is subject to market price volatility. We hold equity securities for strategic purposes or to diversify our overall investment portfolio. These equity securities are held for purposes other than trading. The total fair value of our marketable equity securities was \$5 million as of January 23, 2021. We had no outstanding marketable equity securities as of July 25, 2020.

**Non-marketable Equity and Other Investments** These investments are recorded in other assets in our Consolidated Balance Sheets. The total carrying amount of our investments in non-marketable equity and other investments was \$1.3 billion as of each of January 23, 2021 and July 25, 2020. Some of these companies in which we invested are in the startup or development stages. These investments are inherently risky because the markets for the technologies or products these companies are developing are typically in the early stages and may never materialize. We could lose our entire investment in these companies. Our evaluation of non-marketable equity and other investments is based on the fundamentals of the businesses invested in, including, among other factors, the nature of their technologies and potential for financial return.

**Foreign Currency Exchange Risk**

Our foreign exchange forward contracts outstanding as of the respective period-ends are summarized in U.S. dollar equivalents as follows (in millions):

	January 23, 2021		July 25, 2020	
	Notional Amount	Fair Value	Notional Amount	Fair Value
<b>Forward contracts:</b>				
Purchased	\$ 3,032	\$ 14	\$ 2,441	\$ 1
Sold	\$ 1,807	\$ (16)	\$ 1,874	\$ 4

At January 23, 2021 and July 25, 2020, we had no option contracts outstanding.

We conduct business globally in numerous currencies. The direct effect of foreign currency fluctuations on revenue has not been material because our revenue is primarily denominated in U.S. dollars. However, if the U.S. dollar strengthens relative to other currencies, such strengthening could have an indirect effect on our revenue to the extent it raises the cost of our products to non-U.S. customers and thereby reduces demand. A weaker U.S. dollar could have the opposite effect. However, the precise

indirect effect of currency fluctuations is difficult to measure or predict because our revenue is influenced by many factors in addition to the impact of such currency fluctuations.

Approximately 70% of our operating expenses are U.S.-dollar denominated. In the first six months of fiscal 2021, foreign currency fluctuations, net of hedging, increased our combined R&D, sales and marketing, and G&A expenses by approximately \$43 million, or 0.5%, compared with the first six months of fiscal 2020. To reduce variability in operating expenses and service cost of sales caused by non-U.S.-dollar denominated operating expenses and costs, we may hedge certain forecasted foreign currency transactions with currency options and forward contracts. These hedging programs are not designed to provide foreign currency protection over long time horizons. In designing a specific hedging approach, we consider several factors, including offsetting exposures, significance of exposures, costs associated with entering into a particular hedge instrument, and potential effectiveness of the hedge. The gains and losses on foreign exchange contracts mitigate the effect of currency movements on our operating expenses and service cost of sales.

We also enter into foreign exchange forward and option contracts to reduce the short-term effects of foreign currency fluctuations on receivables and payables that are denominated in currencies other than the functional currencies of the entities. The market risks associated with these foreign currency receivables and payables relate primarily to variances from our forecasted foreign currency transactions and balances. We do not enter into foreign exchange forward or option contracts for speculative purposes.

#### **Item 4. Controls and Procedures**

Evaluation of disclosure controls and procedures. Based on our management's evaluation (with the participation of our principal executive officer and principal financial officer), as of the end of the period covered by this report, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, (the "Exchange Act")) are effective to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms and is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in internal control over financial reporting. There was no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during our second quarter of fiscal 2021 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## **PART II. OTHER INFORMATION**

#### **Item 1. Legal Proceedings**

For a description of our material pending legal proceedings, see Note 14 "Commitments and Contingencies—(f) Legal Proceedings" of the Notes to Consolidated Financial Statements included in Item 1 of this Form 10-Q.



**Item 1A. Risk Factors**

Set forth below and elsewhere in this report and in other documents we file with the SEC are descriptions of the risks and uncertainties that could cause our actual results to differ materially from the results contemplated by the forward-looking statements contained in this report. The descriptions below include any material changes to and supersede the description of the risk factors affecting our business previously disclosed in “Part I, Item 1A. Risk Factors” of our Annual Report on Form 10-K for the fiscal year ended July 25, 2020.

**Risks Related to our Business and Industry**

*Our business, results of operations and financial condition have been adversely affected and could in the future be materially adversely affected by the COVID-19 pandemic.*

The COVID-19 pandemic and the resulting containment measures have caused economic and financial disruptions globally, including in most of the regions in which we sell our products and services and conduct our business operations. In the second half of fiscal 2020, the COVID-19 pandemic had an impact on our financial results and business operations, with a significant impact in the third quarter of fiscal 2020 on our supply chain where we saw manufacturing challenges and component constraints. The magnitude and duration of the disruption, its continuing impact on us, and resulting decline in global business activity is uncertain. These disruptions include the unprecedented actions taken to try to contain the pandemic such as travel bans and restrictions, business closures, and social distancing measures, such as quarantines and shelter-in-place orders.

The COVID-19 pandemic and the responsive measures taken in many countries have adversely affected and could in the future materially adversely affect our business, results of operations and financial condition. Shelter-in-place orders and other measures, including work-from-home and other policies implemented to protect workers, has and could in the future impact our supply chain. Such disruptions may continue, or worsen, in the future. In addition, current and future restrictions or disruptions of transportation, such as reduced availability of air transport, port closures, and increased border controls or closures, can also impact our ability to meet customer demand and could materially adversely affect us. Our customers have also experienced, and may continue to experience, disruptions in their operations, which can result in delayed, reduced, or canceled orders, and increased collection risks, and which may adversely affect our results of operations. The COVID-19 pandemic may also result in long-term changes in customer needs for our products and services in various sectors, along with IT-related capital spending reductions, or shifts in spending focus, that could materially adversely affect us if we are unable to adjust our product and service offerings to match customer needs.

The recent shift to a remote working environment also creates challenges. For example, governmental lockdowns, restrictions or new regulations has and could in the future impact the ability of our employees and vendors to work with the same speed and productivity in certain areas, even as other areas do not see negative impact. The extent and/or duration of ongoing workforce restrictions and limitations could impact our ability to enhance, develop and support existing products and services, and hold product sales and marketing events to the extent we were able to previously. In addition, malefactors are seeking to use the COVID-19 pandemic to launch new cyber-attacks. The COVID-19 pandemic has also led to increased disruption and volatility in capital markets and credit markets. The pandemic and resulting economic uncertainty could adversely affect our liquidity and capital resources in the future. The inputs into certain of our judgments, assumptions, and estimates considered the economic implications of the COVID-19 pandemic on our critical and significant accounting estimates. The actual results that we experience may differ materially from our estimates. As the COVID-19 pandemic continues to develop, many of our estimates could require increased judgment and carry a higher degree of variability and volatility. As events continue to evolve our estimates may change materially in future periods.

We are continuing to monitor the pandemic and take appropriate actions in accordance with the recommendations and requirements of relevant authorities. The extent of the impact of the COVID-19 pandemic on our operational and financial performance is currently uncertain and will depend on many factors outside our control, including, without limitation, the timing, extent, trajectory and duration of the pandemic, the development and availability of effective treatments and vaccines, the imposition of protective public safety measures, and the impact of the pandemic on the global economy. Potential negative impacts of these external factors include, but are not limited to, material adverse effects on demand for our products and services; our supply chain and sales and distribution channels; collectability of customer accounts; our ability to execute strategic plans; impairments; and our profitability and cost structure. To the extent the COVID-19 pandemic adversely affects our business, results of operations and financial condition, it may also have the effect of exacerbating the other risks discussed in this “Risk Factors” section.

***Our operating results may fluctuate in future periods, which may adversely affect our stock price.***

Our operating results have been in the past, and will continue to be, subject to quarterly and annual fluctuations as a result of numerous factors, some of which may contribute to more pronounced fluctuations in an uncertain global economic environment. These factors include:

- Fluctuations in demand for our products and services, especially with respect to service providers and Internet businesses, in part due to changes in the global economic environment
- Changes in sales and implementation cycles for our products and reduced visibility into our customers' spending plans and associated revenue
- Our ability to maintain appropriate inventory levels and purchase commitments
- Price and product competition in the communications and networking industries, which can change rapidly due to technological innovation and different business models from various geographic regions
- The overall movement toward industry consolidation among both our competitors and our customers
- The introduction and market acceptance of new technologies and products, and our success in new and evolving markets, and in emerging technologies, as well as the adoption of new standards
- The transformation of our business to deliver more software and subscription offerings where revenue is recognized over time
- Variations in sales channels, product costs, mix of products sold, or mix of direct sales and indirect sales
- The timing, size, and mix of orders from customers
- Manufacturing and customer lead times
- Fluctuations in our gross margins, and the factors that contribute to such fluctuations
- The ability of our customers, channel partners, contract manufacturers and suppliers to obtain financing or to fund capital expenditures, especially during a period of global credit market disruption or in the event of customer, channel partner, contract manufacturer or supplier financial problems
- Actual events, circumstances, outcomes, and amounts differing from judgments, assumptions, and estimates used in determining the values of certain assets (including the amounts of related valuation allowances), liabilities, and other items reflected in our Consolidated Financial Statements
- How well we execute on our strategy and operating plans and the impact of changes in our business model that could result in significant restructuring charges
- Our ability to achieve targeted cost reductions
- Benefits anticipated from our investments
- Changes in tax laws or accounting rules, or interpretations thereof

As a consequence, operating results for a particular future period are difficult to predict, and, therefore, prior results are not necessarily indicative of results to be expected in future periods. Any of the foregoing factors, or any other factors discussed elsewhere herein, could have a material adverse effect on our business, results of operations, and financial condition that could adversely affect our stock price.

***Our operating results may be adversely affected by unfavorable economic and market conditions and the uncertain geopolitical environment.***

Challenging economic conditions worldwide have from time to time contributed, and may continue to contribute, to slowdowns in the communications and networking industries at large, as well as in specific segments and markets in which we operate, resulting in: reduced demand for our products as a result of continued constraints on IT-related capital spending by our customers, particularly service providers, and other customer markets as well; increased price competition for our products, not only from our competitors but also as a consequence of customers disposing of unutilized products; risk of excess and obsolete inventories; risk of supply constraints; risk of excess facilities and manufacturing capacity; and higher overhead costs as a percentage of revenue and higher interest expense.

The global macroeconomic environment continues to be challenging and inconsistent, and is being significantly impacted by the COVID-19 pandemic. During fiscal 2020 and the first quarter of fiscal 2021, we continued to see a broad-based weakening in the global macroeconomic environment which impacted our commercial and enterprise markets. We also experienced continuing weakness in emerging countries, and we expect ongoing uncertainty in this market. Additionally, instability in the global credit markets, the impact of uncertainty regarding global central bank monetary policy, the instability in the geopolitical environment in many parts of the world including as a result of the United Kingdom "Brexit" withdrawal from the European Union, the current economic challenges in China, including global economic ramifications of Chinese economic difficulties,

and other disruptions may continue to put pressure on global economic conditions. If global economic and market conditions, or economic conditions in key markets, remain uncertain or deteriorate further, we may experience material impacts on our business, operating results, and financial condition.

Our operating results in one or more segments may also be affected by uncertain or changing economic conditions particularly germane to that segment or to particular customer markets within that segment. In addition, reports of certain intelligence gathering methods of the U.S. government could affect customers' perception of the products of IT companies which design and manufacture products in the United States. Trust and confidence in us as an IT supplier are critical to the development and growth of our markets. Impairment of that trust, or foreign regulatory actions taken in response to reports of certain intelligence gathering methods of the U.S. government, could affect the demand for our products from customers outside of the United States and could have an adverse effect on our operating results.

***Our revenue for a particular period is difficult to predict, and a shortfall in revenue may harm our operating results.***

As a result of a variety of factors discussed in this report, our revenue for a particular quarter is difficult to predict, especially in light of a challenging and inconsistent global macroeconomic environment, the significant impacts of the COVID-19 pandemic, and related market uncertainty. Our revenue may grow at a slower rate than in past periods or decline as it did in the first quarter of fiscal 2021 and fiscal 2020, and in certain prior periods on a year-over-year basis. Our ability to meet financial expectations could also be adversely affected if the nonlinear sales pattern seen in some of our past quarters recurs in future periods. We have experienced periods of time during which shipments have exceeded net bookings or manufacturing issues have delayed shipments, leading to nonlinearity in shipping patterns. In addition to making it difficult to predict revenue for a particular period, nonlinearity in shipping can increase costs, because irregular shipment patterns result in periods of underutilized capacity and periods in which overtime expenses may be incurred, as well as in potential additional inventory management-related costs. In addition, to the extent that manufacturing issues and any related component shortages result in delayed shipments in the future, and particularly in periods in which our contract manufacturers are operating at higher levels of capacity, it is possible that revenue for a quarter could be adversely affected if such matters occur and are not remediated within the same quarter.

The timing of large orders can also have a significant effect on our business and operating results from quarter to quarter. From time to time, we receive large orders that have a significant effect on our operating results in the period in which the order is recognized as revenue. The timing of such orders is difficult to predict, and the timing of revenue recognition from such orders may affect period to period changes in revenue. As a result, our operating results could vary materially from quarter to quarter based on the receipt of such orders and their ultimate recognition as revenue. Further, our efforts to improve manufacturing lead-time performance may result in more variability and less predictability in our revenue and operating results. In addition, when facing component supply-related challenges we have increased our efforts in procuring components in order to meet customer expectations, which in turn contribute to an increase in purchase commitments. Increases in our purchase commitments to shorten lead times could also lead to excess and obsolete inventory charges if the demand for our products is less than our expectations. We plan our operating expense levels based primarily on forecasted revenue levels. These expenses and the impact of long-term commitments are relatively fixed in the short term. A shortfall in revenue could lead to operating results being below expectations because we may not be able to quickly reduce these fixed expenses in response to short-term business changes. Any of the above factors could have a material adverse impact on our operations and financial results.

***Supply chain issues, including financial problems of contract manufacturers or component suppliers, or a shortage of adequate component supply or manufacturing capacity that increase our costs or cause a delay in our ability to fulfill orders, could have an adverse impact on our business and operating results, and our failure to estimate customer demand properly may result in excess or obsolete component supply, which could adversely affect our gross margins.***

The fact that we do not own or operate the bulk of our manufacturing facilities and that we are reliant on our extended supply chain could have an adverse impact on the supply of our products and on our business and operating results. Financial problems of either contract manufacturers or component suppliers, reservation of manufacturing capacity at our contract manufacturers by other companies, and industry consolidation occurring within one or more component supplier markets, such as the semiconductor market, in each case, could either limit supply or increase costs.

A reduction or interruption in supply, including disruptions on our global supply chain as a result of the COVID-19 pandemic; a significant increase in the price of one or more components; a failure to adequately authorize procurement of inventory by our contract manufacturers; a failure to appropriately cancel, reschedule, or adjust our requirements based on our business needs; or a decrease in demand for our products could materially adversely affect our business, operating results, and financial condition and could materially damage customer relationships. Furthermore, as a result of binding price or purchase commitments with suppliers, we may be obligated to purchase components at prices that are higher than those available in the current market. In the event that we become committed to purchase components at prices in excess of the current market price when the components are actually used, our gross margins could decrease. We have experienced longer than normal lead times in the

past. In addition, vendors may be under pressure to allocate product to certain customers for business, regulatory or political reasons, and/or demand changes in agreed pricing as a condition of supply. Although we have generally secured additional supply or taken other mitigation actions when significant disruptions have occurred, if similar situations occur in the future, they could have a material adverse effect on our business, results of operations, and financial condition.

Our growth and ability to meet customer demands depend in part on our ability to obtain timely deliveries of parts from our suppliers and contract manufacturers. We have experienced component shortages in the past, including shortages caused by manufacturing process issues, that have affected our operations. We may in the future experience a shortage of certain component parts as a result of our own manufacturing issues, manufacturing issues at our suppliers or contract manufacturers, capacity problems experienced by our suppliers or contract manufacturers including capacity or cost problems resulting from industry consolidation, or strong demand for those parts. Growth in the economy is likely to create greater pressures on us and our suppliers to accurately project overall component demand and component demands within specific product categories and to establish optimal component levels and manufacturing capacity, especially for labor-intensive components, components for which we purchase a substantial portion of the supply, or the re-ramping of manufacturing capacity for highly complex products. During periods of shortages or delays the price of components may increase, or the components may not be available at all, and we may also encounter shortages if we do not accurately anticipate our needs. We may not be able to secure enough components at reasonable prices or of acceptable quality to build new products in a timely manner in the quantities or configurations needed. Accordingly, our revenue and gross margins could suffer until other sources can be developed. For example, there is currently a market shortage of semiconductor supply which could affect the price of that supply, or which could cause a disruption in our ability to meet customer demand for our products if we cannot secure sufficient supply in a timely manner.

Our operating results would also be adversely affected if, anticipating greater demand than actually develops, we commit to the purchase of more components than we need, which is more likely to occur in a period of demand uncertainties such as we are currently experiencing. There can be no assurance that we will not encounter these problems in the future. Although in many cases we use standard parts and components for our products, certain components are presently available only from a single source or limited sources, and a global economic downturn and related market uncertainty could negatively impact the availability of components from one or more of these sources, especially during times such as we have recently seen when there are supplier constraints based on labor and other actions taken during economic downturns. We may not be able to diversify sources in a timely manner, which could harm our ability to deliver products to customers and seriously impact present and future sales.

We believe that we may be faced with the following challenges in the future: new markets in which we participate may grow quickly, which may make it difficult to quickly obtain significant component capacity; as we acquire companies and new technologies, we may be dependent on unfamiliar supply chains or relatively small supply partners; and we face competition for certain components that are supply-constrained, from existing competitors, and companies in other markets.

Manufacturing capacity and component supply constraints could continue to be significant issues for us. We purchase components from a variety of suppliers and use several contract manufacturers to provide manufacturing services for our products. During the normal course of business, in order to improve manufacturing lead-time performance and to help ensure adequate component supply, we enter into agreements with contract manufacturers and suppliers that either allow them to procure inventory based upon criteria as defined by us or that establish the parameters defining our requirements. In certain instances, these agreements allow us the option to cancel, reschedule, and adjust our requirements based on our business needs prior to firm orders being placed. When facing component supply-related challenges we have increased our efforts in procuring components in order to meet customer expectations, which in turn contributes to an increase in purchase commitments. Increases in our purchase commitments to shorten lead times could also lead to excess and obsolete inventory charges if the demand for our products is less than our expectations. If we fail to anticipate customer demand properly, an oversupply of parts could result in excess or obsolete components that could adversely affect our gross margins. For additional information regarding our purchase commitments with contract manufacturers and suppliers, see Note 14 to the Consolidated Financial Statements.

***We expect gross margin to vary over time, and our level of product gross margin may not be sustainable.***

Our level of product gross margins declined in the first half of fiscal 2021 and have declined in certain prior periods on a year-over-year basis, and could decline in future periods due to adverse impacts from various factors, including:

- Changes in customer, geographic, or product mix, including mix of configurations within each product group
- Introduction of new products, including products with price-performance advantages, and new business models including the transformation of our business to deliver more software and subscription offerings
- Our ability to reduce production costs

- Entry into new markets or growth in lower margin markets, including markets with different pricing and cost structures, through acquisitions or internal development
- Sales discounts
- Increases in material, labor or other manufacturing-related costs, which could be significant especially during periods of supply constraints such as those impacting the market for memory components
- Excess inventory, inventory holding charges, and obsolescence charges
- Changes in shipment volume
- The timing of revenue recognition and revenue deferrals
- Increased cost (including those caused by tariffs), loss of cost savings or dilution of savings due to changes in component pricing or charges incurred due to inventory holding periods if parts ordering does not correctly anticipate product demand or if the financial health of either contract manufacturers or suppliers deteriorates
- Lower than expected benefits from value engineering
- Increased price competition, including competitors from Asia, especially from China
- Changes in distribution channels
- Increased warranty or royalty costs
- Increased amortization of purchased intangible assets, especially from acquisitions
- How well we execute on our strategy and operating plans

Changes in service gross margin may result from various factors such as changes in the mix between technical support services and advanced services, as well as the timing of technical support service contract initiations and renewals and the addition of personnel and other resources to support higher levels of service business in future periods.

***Sales to the service provider market are especially volatile, and weakness in orders from this industry may harm our operating results and financial condition.***

Sales to the service provider market have been characterized by large and sporadic purchases, especially relating to our router sales and sales of certain other Infrastructure Platforms and Applications products, in addition to longer sales cycles. Service provider product orders decreased during the first quarter of fiscal 2021 and in certain prior periods, and at various times in the past, including in recent quarters, we have experienced significant weakness in product orders from service providers. Product orders from the service provider market could continue to decline and, as has been the case in the past, such weakness could persist over extended periods of time given fluctuating market conditions. Sales activity in this industry depends upon the stage of completion of expanding network infrastructures; the availability of funding; and the extent to which service providers are affected by regulatory, economic, and business conditions in the country of operations. Weakness in orders from this industry, including as a result of any slowdown in capital expenditures by service providers (which may be more prevalent during a global economic downturn, or periods of economic, political or regulatory uncertainty), could have a material adverse effect on our business, operating results, and financial condition. Such slowdowns may continue or recur in future periods. Orders from this industry could decline for many reasons other than the competitiveness of our products and services within their respective markets. For example, in the past, many of our service provider customers have been materially and adversely affected by slowdowns in the general economy, by overcapacity, by changes in the service provider market, by regulatory developments, and by constraints on capital availability, resulting in business failures and substantial reductions in spending and expansion plans. These conditions have materially harmed our business and operating results in the past, and could affect our business and operating results in any future period. Finally, service provider customers typically have longer implementation cycles; require a broader range of services, including design services; demand that vendors take on a larger share of risks; often require acceptance provisions, which can lead to a delay in revenue recognition; and expect financing from vendors. All these factors can add further risk to business conducted with service providers.

***Disruption of or changes in our distribution model could harm our sales and margins.***

If we fail to manage distribution of our products and services properly, or if our distributors' financial condition or operations weaken, our revenue and gross margins could be adversely affected. A substantial portion of our products and services is sold through our channel partners, and the remainder is sold through direct sales. Our channel partners include systems integrators, service providers, other resellers, and distributors. Systems integrators and service providers typically sell directly to end users and often provide system installation, technical support, professional services, and other support services in addition to network equipment sales. Systems integrators also typically integrate our products into an overall solution, and a number of service providers are also systems integrators. Distributors stock inventory and typically sell to systems integrators, service providers, and other resellers. We refer to sales through distributors as our two-tier system of sales to the end customer. If sales through

indirect channels increase, this may lead to greater difficulty in forecasting the mix of our products and, to a degree, the timing of orders from our customers.

Historically, we have seen fluctuations in our gross margins based on changes in the balance of our distribution channels. There can be no assurance that changes in the balance of our distribution model in future periods would not have an adverse effect on our gross margins and profitability. Some factors could result in disruption of or changes in our distribution model, which could harm our sales and margins, including the following: competition with some of our channel partners, including through our direct sales, which may lead these channel partners to use other suppliers that do not directly sell their own products or otherwise compete with them; some of our channel partners may demand that we absorb a greater share of the risks that their customers may ask them to bear; some of our channel partners may have insufficient financial resources and may not be able to withstand changes and challenges in business conditions; and revenue from indirect sales could suffer if our distributors' financial condition or operations weaken. In addition, we depend on our channel partners globally to comply with applicable regulatory requirements. To the extent that they fail to do so, that could have a material adverse effect on our business, operating results, and financial condition. Further, sales of our products outside of agreed territories can result in disruption to our distribution channels.

***The markets in which we compete are intensely competitive, which could adversely affect our achievement of revenue growth.***

The markets in which we compete are characterized by rapid change, converging technologies, and a migration to networking and communications solutions that offer relative advantages. These market factors represent a competitive threat to us. We compete with numerous vendors in each product category. The overall number of our competitors providing niche product solutions may increase. Also, the identity and composition of competitors may change as we increase our activity in newer product areas, and in key priority and growth areas. For example, as products related to network programmability, such as software defined networking (SDN) products, become more prevalent, we expect to face increased competition from companies that develop networking products based on commoditized hardware, referred to as "white box" hardware, to the extent customers decide to purchase those product offerings instead of ours. In addition, the growth in demand for technology delivered as a service enables new competitors to enter the market. As we continue to expand globally, we may see new competition in different geographic regions. In particular, we have experienced price-focused competition from competitors in Asia, especially from China, and we anticipate this will continue. Our competitors (in each case relative to only some of our products or services) include: Amazon Web Services LLC; Arista Networks, Inc.; Broadcom Inc.; CommScope Holding Company, Inc.; Check Point Software Technologies Ltd.; Dell Technologies Inc.; Dynatrace; F5 Networks, Inc.; FireEye, Inc.; Fortinet, Inc.; Hewlett-Packard Enterprise Company; Huawei Technologies Co., Ltd.; Juniper Networks, Inc.; Lenovo Group Limited; LogMeIn, Inc.; Microsoft Corporation; New Relic, Inc.; Nokia Corporation; Nutanix, Inc.; Palo Alto Networks, Inc.; RingCentral, Inc.; Slack Technologies, Inc.; Ubiquiti Networks; VMware, Inc.; Zoom Video Communications, Inc.; and Zscaler, Inc.; among others.

Some of our competitors compete across many of our product lines, while others are primarily focused in a specific product area. Barriers to entry are relatively low, and new ventures to create products that do or could compete with our products are regularly formed. In addition, some of our competitors may have greater resources, including technical and engineering resources, than we do. As we expand into new markets, we will face competition not only from our existing competitors but also from other competitors, including existing companies with strong technological, marketing, and sales positions in those markets. We also sometimes face competition from resellers and distributors of our products. Companies with which we have strategic alliances in some areas may be competitors in other areas, and this trend may increase. For example, the enterprise data center is undergoing a fundamental transformation arising from the convergence of technologies, including computing, networking, storage, and software, that previously were segregated. Due to several factors, including the availability of highly scalable and general purpose microprocessors, ASICs offering advanced services, standards based protocols, cloud computing and virtualization, the convergence of technologies within the enterprise data center is spanning multiple, previously independent, technology segments. Also, some of our current and potential competitors for enterprise data center business have made acquisitions, or announced new strategic alliances, designed to position them to provide end-to-end technology solutions for the enterprise data center. As a result of all of these developments, we face greater competition in the development and sale of enterprise data center technologies, including competition from entities that are among our long-term strategic alliance partners. Companies that are strategic alliance partners in some areas of our business may acquire or form alliances with our competitors, thereby reducing their business with us.

The principal competitive factors in the markets in which we presently compete and may compete in the future include the ability to sell successful business outcomes; the ability to provide a broad range of networking and communications products and services; product performance; price; the ability to introduce new products, including providing continuous new customer value and products with price-performance advantages; the ability to reduce production costs; the ability to provide value-added

features such as security, reliability, and investment protection; conformance to standards; market presence; the ability to provide financing; and disruptive technology shifts and new business models.

We also face competition from customers to which we license or supply technology and suppliers from which we transfer technology. The inherent nature of networking requires interoperability. As such, we must cooperate and at the same time compete with many companies. Any inability to effectively manage these complicated relationships with customers, suppliers, and strategic alliance partners could have a material adverse effect on our business, operating results, and financial condition and accordingly affect our chances of success.

***If we do not successfully manage our strategic alliances, we may not realize the expected benefits from such alliances, and we may experience increased competition or delays in product development.***

We have several strategic alliances with large and complex organizations and other companies with which we work to offer complementary products and services and, in the past, have established a joint venture to market services associated with our Cisco Unified Computing System products. These arrangements are generally limited to specific projects, the goal of which is generally to facilitate product compatibility and adoption of industry standards. There can be no assurance we will realize the expected benefits from these strategic alliances or from the joint venture. If successful, these relationships may be mutually beneficial and result in industry growth. However, alliances carry an element of risk because, in most cases, we must compete in some business areas with a company with which we have a strategic alliance and, at the same time, cooperate with that company in other business areas. Also, if these companies fail to perform or if these relationships fail to materialize as expected, we could suffer delays in product development or other operational difficulties. Joint ventures can be difficult to manage, given the potentially different interests of joint venture partners.

***Inventory management relating to our sales to our two-tier distribution channel is complex, and excess inventory may harm our gross margins.***

We must manage inventory relating to sales to our distributors effectively, because inventory held by them could affect our results of operations. Our distributors may increase orders during periods of product shortages, cancel orders if their inventory is too high, or delay orders in anticipation of new products. They also may adjust their orders in response to the supply of our products and the products of our competitors that are available to them, and in response to seasonal fluctuations in end-user demand. Our distributors are generally given business terms that allow them to return a portion of inventory, receive credits for changes in selling price, and participate in various cooperative marketing programs. Inventory management remains an area of focus as we balance the need to maintain strategic inventory levels to ensure competitive lead times against the risk of inventory obsolescence because of rapidly changing technology and customer requirements. When facing component supply-related challenges, we have increased our efforts in procuring components in order to meet customer expectations. If we ultimately determine that we have excess inventory, we may have to reduce our prices and write down inventory, which in turn could result in lower gross margins.

***We depend upon the development of new products and services, and enhancements to existing products and services, and if we fail to predict and respond to emerging technological trends and customers' changing needs, our operating results and market share may suffer.***

The markets for our products and services are characterized by rapidly changing technology, evolving industry standards, new product and service introductions, and evolving methods of building and operating networks. Our operating results depend on our ability to develop and introduce new products and services into existing and emerging markets and to reduce the production costs of existing products. If customers do not purchase and/or renew our offerings our business could be harmed. The COVID-19 pandemic may also result in long-term changes in customer needs for our products and services in various sectors, along with IT-related capital spending reductions, or shifts in spending focus, that could materially adversely affect us if we are unable to adjust our product and service offerings to match customer needs.

The process of developing new technology, including intent-based networking, more programmable, flexible and virtual networks, and technology related to other market transitions— such as security, digital transformation and IoT, and cloud— is complex and uncertain, and if we fail to accurately predict customers' changing needs and emerging technological trends our business could be harmed. We must commit significant resources, including the investments we have been making in our strategic priorities to developing new products and services before knowing whether our investments will result in products and services the market will accept. In particular, if our model of the evolution of networking does not emerge as we believe it will, or if the industry does not evolve as we believe it will, or if our strategy for addressing this evolution is not successful, many of our strategic initiatives and investments may be of no or limited value. For example, if we do not introduce products related to network programmability, such as software-defined-networking products, in a timely fashion, or if product offerings in this market that ultimately succeed are based on technology, or an approach to technology, that differs from ours, such as, for example, networking products based on “white box” hardware, our business could be harmed. Similarly, our business could be harmed if we fail to develop, or fail to develop in a timely fashion, offerings to address other transitions, or if the offerings

addressing these other transitions that ultimately succeed are based on technology, or an approach to technology, different from ours. In addition, our business could be adversely affected in periods surrounding our new product introductions if customers delay purchasing decisions to qualify or otherwise evaluate the new product offerings. We have also been transforming our business to move from selling individual products and services to selling products and services integrated into architectures and solutions, and we are seeking to meet the evolving needs of customers which include offering our products and solutions in the manner in which customers wish to consume them. As a part of this transformation, we continue to make changes to how we are organized and how we build and deliver our technology, including changes in our business models with customers. If our strategy for addressing our customer needs, or the architectures and solutions we develop do not meet those needs, or the changes we are making in how we are organized and how we build and deliver or technology is incorrect or ineffective, our business could be harmed.

Furthermore, we may not execute successfully on our vision or strategy because of challenges with regard to product planning and timing, technical hurdles that we fail to overcome in a timely fashion, or a lack of appropriate resources. This could result in competitors, some of which may also be our strategic alliance partners, providing those solutions before we do and loss of market share, revenue, and earnings. In addition, the growth in demand for technology delivered as a service enables new competitors to enter the market. The success of new products and services depends on several factors, including proper new product and service definition, component costs, timely completion and introduction of these products and services, differentiation of new products and services from those of our competitors, and market acceptance of these products and services. There can be no assurance that we will successfully identify new product and services opportunities, develop and bring new products and services to market in a timely manner, or achieve market acceptance of our products and services or that products, services and technologies developed by others will not render our products, services or technologies obsolete or noncompetitive. The products and technologies in our other product categories and key priority and growth areas may not prove to have the market success we anticipate, and we may not successfully identify and invest in other emerging or new products and services.

***Changes in industry structure and market conditions could lead to charges related to discontinuances of certain of our products or businesses, asset impairments and workforce reductions or restructurings.***

In response to changes in industry and market conditions, we may be required to strategically realign our resources and to consider restructuring, disposing of, or otherwise exiting businesses. Any resource realignment, or decision to limit investment in or dispose of or otherwise exit businesses, may result in the recording of special charges, such as inventory and technology-related write-offs, workforce reduction or restructuring costs, charges relating to consolidation of excess facilities, or claims from third parties who were resellers or users of discontinued products. Our estimates with respect to the useful life or ultimate recoverability of our carrying basis of assets, including purchased intangible assets, could change as a result of such assessments and decisions. Although in certain instances our supply agreements allow us the option to cancel, reschedule, and adjust our requirements based on our business needs prior to firm orders being placed, our loss contingencies may include liabilities for contracts that we cannot cancel with contract manufacturers and suppliers. Further, our estimates relating to the liabilities for excess facilities are affected by changes in real estate market conditions. Additionally, we are required to perform goodwill impairment tests on an annual basis and between annual tests in certain circumstances, and future goodwill impairment tests may result in a charge to earnings. We initiated a restructuring plan in the first quarter of fiscal 2021, which includes a voluntary early retirement program. The implementation of this restructuring plan may be disruptive to our business, and following completion of the restructuring plan our business may not be more efficient or effective than prior to implementation of the plan. Our restructuring activities, including any related charges and the impact of the related headcount restructurings, could have a material adverse effect on our business, operating results, and financial condition.

***Over the long term we intend to invest in engineering, sales, service and marketing activities, and in key priority and growth areas, and these investments may achieve delayed, or lower than expected, benefits which could harm our operating results.***

While we intend to focus on managing our costs and expenses, over the long term, we also intend to invest in personnel and other resources related to our engineering, sales, service and marketing functions as we realign and dedicate resources on key priority and growth areas, such as Security and Applications, and we also intend to focus on maintaining leadership in Infrastructure Platforms and in Services. We are likely to recognize the costs associated with these investments earlier than some of the anticipated benefits, and the return on these investments may be lower, or may develop more slowly, than we expect. If we do not achieve the benefits anticipated from these investments (including if our selection of areas for investment does not play out as we expect), or if the achievement of these benefits is delayed, our operating results may be adversely affected.



***We have made and expect to continue to make acquisitions that could disrupt our operations and harm our operating results.***

Our growth depends upon market growth, our ability to enhance our existing products, and our ability to introduce new products on a timely basis. We intend to continue to address the need to develop new products and enhance existing products through acquisitions of other companies, product lines, technologies, and personnel. Acquisitions involve numerous risks, including the following:

- Difficulties in integrating the operations, systems, technologies, products, and personnel of the acquired companies, particularly companies with large and widespread operations and/or complex products
- Diversion of management's attention from normal daily operations of the business and the challenges of managing larger and more widespread operations resulting from acquisitions
- Potential difficulties in completing projects associated with in-process research and development intangibles
- Difficulties in entering markets in which we have no or limited direct prior experience and where competitors in such markets have stronger market positions
- Initial dependence on unfamiliar supply chains or relatively small supply partners
- Insufficient revenue to offset increased expenses associated with acquisitions
- The potential loss of key employees, customers, distributors, vendors and other business partners of the companies we acquire following and continuing after announcement of acquisition plans

Acquisitions may also cause us to:

- Issue common stock that would dilute our current shareholders' percentage ownership
- Use a substantial portion of our cash resources, or incur debt
- Significantly increase our interest expense, leverage and debt service requirements if we incur additional debt to pay for an acquisition
- Assume liabilities
- Record goodwill and intangible assets that are subject to impairment testing on a regular basis and potential periodic impairment charges
- Incur amortization expenses related to certain intangible assets
- Incur tax expenses related to the effect of acquisitions on our legal structure
- Incur large write-offs and restructuring and other related expenses
- Become subject to intellectual property or other litigation

Mergers and acquisitions of high-technology companies are inherently risky and subject to many factors outside of our control, and no assurance can be given that our previous or future acquisitions will be successful and will not materially adversely affect our business, operating results, or financial condition. Failure to manage and successfully integrate acquisitions could materially harm our business and operating results. Prior acquisitions have resulted in a wide range of outcomes, from successful introduction of new products and technologies to a failure to do so. Even when an acquired company has already developed and marketed products, there can be no assurance that product enhancements will be made in a timely fashion or that pre-acquisition due diligence will have identified all possible issues that might arise with respect to such products. In addition, our effective tax rate for future periods is uncertain and could be impacted by mergers and acquisitions. Risks related to new product development also apply to acquisitions.

***Entrance into new or developing markets exposes us to additional competition and will likely increase demands on our service and support operations.***

As we focus on new market opportunities and key priority and growth areas, we will increasingly compete with large telecommunications equipment suppliers as well as startup companies. Several of our competitors may have greater resources, including technical and engineering resources, than we do. Additionally, as customers in these markets complete infrastructure deployments, they may require greater levels of service, support, and financing than we have provided in the past, especially in emerging countries. Demand for these types of service, support, or financing contracts may increase in the future. There can be no assurance that we can provide products, service, support, and financing to effectively compete for these market opportunities. Further, entry into other markets has subjected and will subject us to additional risks, particularly to those markets, including the effects of general market conditions and reduced consumer confidence. For example, as we add direct selling capabilities globally to meet changing customer demands, we will face increased legal and regulatory requirements.

***Industry consolidation may lead to increased competition and may harm our operating results.***

There is a continuing trend toward industry consolidation in our markets. We expect this trend to continue as companies attempt to strengthen or hold their market positions in an evolving industry and as companies are acquired or are unable to continue operations. For example, some of our current and potential competitors for enterprise data center business have made acquisitions, or announced new strategic alliances, designed to position them with the ability to provide end-to-end technology solutions for the enterprise data center. Companies that are strategic alliance partners in some areas of our business may acquire or form alliances with our competitors, thereby reducing their business with us. We believe that industry consolidation may result in stronger competitors that are better able to compete as sole-source vendors for customers. This could lead to more variability in our operating results and could have a material adverse effect on our business, operating results, and financial condition. Furthermore, particularly in the service provider market, rapid consolidation will lead to fewer customers, with the effect that loss of a major customer could have a material impact on results not anticipated in a customer marketplace composed of more numerous participants.

***Product quality problems could lead to reduced revenue, gross margins, and net income.***

We produce highly complex products that incorporate leading-edge technology, including both hardware and software. Software typically contains bugs that can unexpectedly interfere with expected operations. There can be no assurance that our pre-shipment testing programs will be adequate to detect all defects, either ones in individual products or ones that could affect numerous shipments, which might interfere with customer satisfaction, reduce sales opportunities, or affect gross margins. From time to time, we have had to replace certain components and provide remediation in response to the discovery of defects or bugs in products that we had shipped. There can be no assurance that such remediation, depending on the product involved, would not have a material impact. An inability to cure a product defect could result in the failure of a product line, temporary or permanent withdrawal from a product or market, damage to our reputation, inventory costs, or product reengineering expenses, any of which could have a material impact on our revenue, margins, and net income.

***Due to the global nature of our operations, political or economic changes or other factors in a specific country or region could harm our operating results and financial condition.***

We conduct significant sales and customer support operations in countries around the world. As such, our growth depends in part on our increasing sales into emerging countries. We also depend on non-U.S. operations of our contract manufacturers, component suppliers and distribution partners. Our business in emerging countries in the aggregate experienced a decline in orders in the first half of fiscal 2021 and in certain prior periods. We continue to assess the sustainability of any improvements in our business in these countries and there can be no assurance that our investments in these countries will be successful. Our future results could be materially adversely affected by a variety of political, economic or other factors relating to our operations inside and outside the United States, any or all of which could have a material adverse effect on our operating results and financial condition, including the following: impacts from global central bank monetary policy; issues related to the political relationship between the United States and other countries that can affect regulatory matters, affect the willingness of customers in those countries to purchase products from companies headquartered in the United States or affect our ability to procure components if a government body were to deny us access to those components; government-related disruptions or shutdowns; the challenging and inconsistent global macroeconomic environment; foreign currency exchange rates; political or social unrest; economic instability or weakness or natural disasters in a specific country or region, including the current economic challenges in China and global economic ramifications of Chinese economic difficulties; instability as a result of Brexit; environmental protection regulations, trade protection measures such as tariffs, and other legal and regulatory requirements, some of which may affect our ability to import our products to, export our products from, or sell our products in various countries or affect our ability to procure components; political considerations that affect service provider and government spending patterns; health or similar issues, including pandemics or epidemics such as the COVID-19 pandemic which could continue to affect customer purchasing decisions; difficulties in staffing and managing international operations; and adverse tax consequences, including imposition of withholding or other taxes on our global operations.

***We are exposed to the credit risk of some of our customers and to credit exposures in weakened markets, which could result in material losses.***

Most of our sales are on an open credit basis, with typical payment terms of 30 days in the United States and, because of local customs or conditions, longer in some markets outside the United States. Beyond our open credit arrangements, we have also experienced demands for customer financing and facilitation of leasing arrangements. Our loan financing arrangements may include not only financing the acquisition of our products and services but also providing additional funds for other costs associated with network installation and integration of our products and services. Our exposure to the credit risks relating to our financing activities may increase if our customers are adversely affected by a global economic downturn or periods of economic uncertainty. There can be no assurance that programs we have in place to monitor and mitigate credit risks will be effective. In the past, there have been significant bankruptcies among customers both on open credit and with loan or lease financing

arrangements, particularly among Internet businesses and service providers, causing us to incur economic or financial losses. There can be no assurance that additional losses will not be incurred. Although these losses have not been material to date, future losses, if incurred, could harm our business and have a material adverse effect on our operating results and financial condition. Additionally, to the degree that turmoil in the credit markets makes it more difficult for some customers to obtain financing, those customers' ability to pay could be adversely impacted, which in turn could have a material adverse impact on our business, operating results, and financial condition.

***We are exposed to fluctuations in the market values of our portfolio investments and in interest rates; impairment of our investments could harm our earnings.***

We maintain an investment portfolio of various holdings, types, and maturities. Our portfolio includes available-for-sale debt investments and equity investments, the values of which are subject to market price volatility. If such investments suffer market price declines, as we experienced with some of our investments in the past, we may recognize in earnings the decline in the fair value of our investments below their cost basis. Our non-marketable equity and other investments are subject to risk of loss of investment capital. These investments are inherently risky because the markets for the technologies or products they have under development are typically in the early stages and may never materialize. We could lose our entire investment in these companies. For information regarding the market risks associated with the fair value of portfolio investments and interest rates, refer to the section titled "Quantitative and Qualitative Disclosures About Market Risk."

***We are exposed to fluctuations in currency exchange rates that could negatively impact our financial results and cash flows.***

Because a significant portion of our business is conducted outside the United States, we face exposure to adverse movements in foreign currency exchange rates, including emerging market currencies which can have extreme currency volatility. An increase in the value of the dollar could increase the real cost to our customers of our products in those markets outside the United States where we sell in dollars and a weakened dollar could increase the cost of local operating expenses and procurement of raw materials to the extent that we must purchase components in foreign currencies. These exposures may change over time as business practices evolve, and they could have a material adverse impact on our financial results and cash flows.

***Failure to retain and recruit key personnel would harm our ability to meet key objectives.***

Our success has always depended in large part on our ability to attract and retain highly skilled technical, managerial, sales, and marketing personnel. Competition for these personnel is intense, especially in the Silicon Valley area of Northern California. Stock incentive plans are designed to reward employees for their long-term contributions and provide incentives for them to remain with us. Volatility or lack of positive performance in our stock price or equity incentive awards, or changes to our overall compensation program, including our stock incentive program, resulting from the management of share dilution and share-based compensation expense or otherwise, may also adversely affect our ability to retain key employees. As a result of one or more of these factors, we may increase our hiring in geographic areas outside the United States, which could subject us to additional geopolitical and exchange rate risk. The loss of services of any of our key personnel; the inability to retain and attract qualified personnel in the future; or delays in hiring required personnel, particularly engineering and sales personnel, could make it difficult to meet key objectives, such as timely and effective product introductions. In addition, companies in our industry whose employees accept positions with competitors frequently claim that competitors have engaged in improper hiring practices. We have received these claims in the past and may receive additional claims to this effect in the future.

***Adverse resolution of litigation or governmental investigations may harm our operating results or financial condition.***

We are a party to lawsuits in the normal course of our business. Litigation can be expensive, lengthy, and disruptive to normal business operations. Moreover, the results of complex legal proceedings are difficult to predict. An unfavorable resolution of lawsuits or governmental investigations could have a material adverse effect on our business, operating results, or financial condition. For additional information regarding certain of the matters in which we are involved, see Note 14 to the Consolidated Financial Statements, subsection (f) "Legal Proceedings."

***Our operating results may be adversely affected and damage to our reputation may occur due to production and sale of counterfeit versions of our products.***

As is the case with leading products around the world, our products are subject to efforts by third parties to produce counterfeit versions of our products. While we work diligently with law enforcement authorities in various countries to block the manufacture of counterfeit goods and to interdict their sale, and to detect counterfeit products in customer networks, and have succeeded in prosecuting counterfeiters and their distributors, resulting in fines, imprisonment and restitution to us, there can be no guarantee that such efforts will succeed. While counterfeiters often aim their sales at customers who might not have otherwise purchased our products due to lack of verifiability of origin and service, such counterfeit sales, to the extent they replace otherwise legitimate sales, could adversely affect our operating results.

***Changes in our provision for income taxes or adverse outcomes resulting from examination of our income tax returns could adversely affect our results.***

Our provision for income taxes is subject to volatility and could be adversely affected by earnings being lower than anticipated in countries that have lower tax rates and higher than anticipated in countries that have higher tax rates; by changes in the valuation of our deferred tax assets and liabilities; by changes to foreign-derived intangible income, global intangible low-tax income and base erosion and anti-abuse tax laws, regulations, or interpretations thereof; by expiration of or lapses in tax incentives; by transfer pricing adjustments, including the effect of acquisitions on our legal structure; by tax effects of nondeductible compensation; by tax costs related to intercompany realignments; by changes in accounting principles; or by changes in tax laws and regulations, treaties, or interpretations thereof, including changes to the taxation of earnings of our foreign subsidiaries, the deductibility of expenses attributable to foreign income, and the foreign tax credit rules. Significant judgment is required to determine the recognition and measurement attribute prescribed in the accounting guidance for uncertainty in income taxes. The Organisation for Economic Co-operation and Development (OECD), an international association comprised of 37 countries, including the United States, has made changes to numerous long-standing tax principles. There can be no assurance that these changes, once adopted by countries, will not have an adverse impact on our provision for income taxes. Further, as a result of certain of our ongoing employment and capital investment actions and commitments, our income in certain countries was subject to reduced tax rates. Our failure to meet these commitments could adversely impact our provision for income taxes. In addition, we are subject to the continuous examination of our income tax returns by the Internal Revenue Service and other tax authorities. We regularly assess the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of our provision for income taxes. There can be no assurance that the outcomes from these continuous examinations will not have an adverse effect on our operating results and financial condition.

***Our business and operations are especially subject to the risks of earthquakes, floods, and other natural catastrophic events.***

Our corporate headquarters, including certain of our research and development operations are located in the Silicon Valley area of Northern California, a region known for seismic activity. Additionally, a certain number of our facilities are located near rivers that have experienced flooding in the past. Also certain of our suppliers and logistics centers are located in regions that have been or may be affected by earthquake, tsunami and flooding activity which in the past has disrupted, and in the future could disrupt, the flow of components and delivery of products. A significant natural disaster, such as an earthquake, a hurricane, volcano, or a flood, could have a material adverse impact on our business, operating results, and financial condition.

***Terrorism and other events may harm our business, operating results and financial condition.***

The continued threat of terrorism and heightened security and military action in response to this threat, or any future acts of terrorism, may cause further disruptions to the economies of the United States and other countries and create further uncertainties or otherwise materially harm our business, operating results, and financial condition. Likewise, events such as loss of infrastructure and utilities services such as energy, transportation, or telecommunications could have similar negative impacts. To the extent that such disruptions or uncertainties result in delays or cancellations of customer orders or the manufacture or shipment of our products, our business, operating results, and financial condition could be materially and adversely affected.

***There can be no assurance that our operating results and financial condition will not be adversely affected by our incurrence of debt.***

As of the end of the second quarter of fiscal 2021, we have senior unsecured notes outstanding in an aggregate principal amount of \$14.5 billion that mature at specific dates from calendar year 2021 through 2040. We have also established a commercial paper program under which we may issue short-term, unsecured commercial paper notes on a private placement basis up to a maximum aggregate amount outstanding at any time of \$10.0 billion, and we had no commercial paper notes outstanding under this program as of January 23, 2021. There can be no assurance that our incurrence of this debt or any future debt will be a better means of providing liquidity to us than would our use of our existing cash resources. Further, we cannot be assured that our maintenance of this indebtedness or incurrence of future indebtedness will not adversely affect our operating results or financial condition. In addition, changes by any rating agency to our credit rating can negatively impact the value and liquidity of both our debt and equity securities, as well as the terms upon which we may borrow under our commercial paper program or future debt issuances.

**Risks Related to Intellectual Property**

***Our proprietary rights may prove difficult to enforce.***

We generally rely on patents, copyrights, trademarks, and trade secret laws to establish and maintain proprietary rights in our technology and products. Although we have been issued numerous patents and other patent applications are currently pending, there can be no assurance that any of these patents or other proprietary rights will not be challenged, invalidated, or circumvented or that our rights will, in fact, provide competitive advantages to us. Furthermore, many key aspects of

networking technology are governed by industrywide standards, which are usable by all market entrants. In addition, there can be no assurance that patents will be issued from pending applications or that claims allowed on any patents will be sufficiently broad to protect our technology. In addition, the laws of some foreign countries may not protect our proprietary rights to the same extent as do the laws of the United States. The outcome of any actions taken in these foreign countries may be different than if such actions were determined under the laws of the United States. Although we are not dependent on any individual patents or group of patents for particular segments of the business for which we compete, if we are unable to protect our proprietary rights to the totality of the features (including aspects of products protected other than by patent rights) in a market, we may find ourselves at a competitive disadvantage to others who need not incur the substantial expense, time, and effort required to create innovative products that have enabled us to be successful.

***We may be found to infringe on intellectual property rights of others.***

Third parties, including customers, have in the past and may in the future assert claims or initiate litigation related to exclusive patent, copyright, trademark, and other intellectual property rights to technologies and related standards that are relevant to us. These assertions have increased over time as a result of our growth and the general increase in the pace of patent claims assertions, particularly in the United States. Because of the existence of a large number of patents in the networking field, the secrecy of some pending patents, and the rapid rate of issuance of new patents, it is not economically practical or even possible to determine in advance whether a product or any of its components infringes or will infringe on the patent rights of others. The asserted claims and/or initiated litigation can include claims against us or our manufacturers, suppliers, or customers, alleging infringement of their proprietary rights with respect to our existing or future products or components of those products. Regardless of the merit of these claims, they can be time-consuming, result in costly litigation and diversion of technical and management personnel, or require us to develop a non-infringing technology or enter into license agreements. Where claims are made by customers, resistance even to unmeritorious claims could damage customer relationships. There can be no assurance that licenses will be available on acceptable terms and conditions, if at all, or that our indemnification by our suppliers will be adequate to cover our costs if a claim were brought directly against us or our customers. Furthermore, because of the potential for high court awards that are not necessarily predictable, it is not unusual to find even arguably unmeritorious claims settled for significant amounts. If any infringement or other intellectual property claim made against us by any third party is successful, if we are required to indemnify a customer with respect to a claim against the customer, or if we fail to develop non-infringing technology or license the proprietary rights on commercially reasonable terms and conditions, our business, operating results, and financial condition could be materially and adversely affected. For additional information regarding our indemnification obligations, see Note 14(e) to the Consolidated Financial Statements contained in this report. Our exposure to risks associated with the use of intellectual property may be increased as a result of acquisitions, as we have a lower level of visibility into the development process with respect to such technology or the care taken to safeguard against infringement risks. Further, in the past, third parties have made infringement and similar claims after we have acquired technology that had not been asserted prior to our acquisition.

***We rely on the availability of third-party licenses.***

Many of our products are designed to include software or other intellectual property licensed from third parties. It may be necessary in the future to seek or renew licenses relating to various aspects of these products. There can be no assurance that the necessary licenses would be available on acceptable terms, if at all. The inability to obtain certain licenses or other rights or to obtain such licenses or rights on favorable terms, or the need to engage in litigation regarding these matters, could have a material adverse effect on our business, operating results, and financial condition. Moreover, the inclusion in our products of software or other intellectual property licensed from third parties on a nonexclusive basis could limit our ability to protect our proprietary rights in our products.

**Risks Related to Cybersecurity and Regulations**

***Cyber-attacks, data breaches or malware may disrupt our operations, harm our operating results and financial condition, and damage our reputation, and cyber-attacks or data breaches on our customers' networks, or in cloud-based services provided by or enabled by us, could result in claims of liability against us, damage our reputation or otherwise harm our business.***

Despite our implementation of security measures, the products and services we sell to customers, and our servers, data centers and the cloud-based solutions on which our data, and data of our customers, suppliers and business partners are stored, are vulnerable to cyber-attacks, data breaches, malware, and similar disruptions from unauthorized access or tampering by malicious actors or inadvertent error. Any such event could compromise our products, services, and networks or those of our customers, and the information stored on our systems or those of our customers could be improperly accessed, processed, disclosed, lost or stolen, which could subject us to liability to our customers, suppliers, business partners and others, give rise to legal/regulatory action, and could have a material adverse effect on our business, operating results, and financial condition and may cause damage to our reputation. Efforts to limit the ability of malicious actors to disrupt the operations of the Internet or

undermine our own security efforts may be costly to implement and meet with resistance, and may not be successful. Breaches of security in our customers' networks, or in cloud-based services provided by or enabled by us, regardless of whether the breach is attributable to a vulnerability in our products or services, could result in claims of liability against us, damage our reputation or otherwise harm our business.

***Vulnerabilities and critical security defects, prioritization decisions regarding remedying vulnerabilities or security defects, failure of third party providers to remedy vulnerabilities or security defects, or customers not deploying security releases or deciding not to upgrade products, services or solutions could result in claims of liability against us, damage our reputation or otherwise harm our business.***

The products and services we sell to customers, and our cloud-based solutions, inevitably contain vulnerabilities or critical security defects which have not been remedied and cannot be disclosed without compromising security. We may also make prioritization decisions in determining which vulnerabilities or security defects to fix, and the timing of these fixes, which could result in an exploit which compromises security. Customers also need to test security releases before they can be deployed which can delay implementation. In addition, we rely on third-party providers of software and cloud-based service and we cannot control the rate at which they remedy vulnerabilities. Customers may also not deploy a security release, or decide not to upgrade to the latest versions of our products, services or cloud-based solutions containing the release, leaving them vulnerable. Vulnerabilities and critical security defects, prioritization errors in remedying vulnerabilities or security defects, failure of third-party providers to remedy vulnerabilities or security defects, or customers not deploying security releases or deciding not to upgrade products, services or solutions could result in claims of liability against us, damage our reputation or otherwise harm our business.

***Our business, operating results and financial condition could be materially harmed by regulatory uncertainty applicable to our products and services.***

Changes in regulatory requirements applicable to the industries in which we operate, in the United States and in other countries, could materially affect the sales of our products and services. In particular, changes in telecommunications regulations could impact our service provider customers' purchase of our products and offers, and they could also impact sales of our own regulated offers. In addition, evolving legal requirements restricting or controlling the collection, processing, or cross-border transmission of data, including regulation of cloud-based services, could materially affect our customers' ability to use, and our ability to sell, our products and offers. Additional areas of uncertainty that could impact sales of our products and offers include laws and regulations related to encryption technology, environmental sustainability, export control, product certification, and national security controls applicable to our supply chain. Changes in regulatory requirements in these areas could have a material adverse effect on our business, operating results, and financial condition.

#### **Risks Related to Ownership of Our Stock**

***Our stock price may be volatile.***

Historically, our common stock has experienced substantial price volatility, particularly as a result of variations between our actual financial results and the published expectations of analysts and as a result of announcements by our competitors and us. Furthermore, speculation in the press or investment community about our strategic position, financial condition, results of operations, business, security of our products, or significant transactions can cause changes in our stock price. In addition, the stock market has experienced extreme price and volume fluctuations that have affected the market price of many technology companies, in particular, and that have often been unrelated to the operating performance of these companies. These factors, as well as general economic and political conditions and the announcement of proposed and completed acquisitions or other significant transactions, or any difficulties associated with such transactions, by us or our current or potential competitors, may materially adversely affect the market price of our common stock in the future. Additionally, volatility, lack of positive performance in our stock price or changes to our overall compensation program, including our stock incentive program, may adversely affect our ability to retain key employees, virtually all of whom are compensated, in part, based on the performance of our stock price.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

- (a) None.
- (b) None.
- (c) Issuer Purchases of Equity Securities (in millions, except per-share amounts):

<u>Period</u>	<u>Total Number of Shares Purchased</u>	<u>Average Price Paid per Share</u>	<u>Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs</u>	<u>Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs</u>
October 25, 2020 to November 21, 2020	5	\$ 38.36	5	\$ 9,854
November 22, 2020 to December 19, 2020	6	\$ 43.85	6	\$ 9,574
December 20, 2020 to January 23, 2021	8	\$ 44.86	8	\$ 9,240
Total	19	\$ 42.82	19	

On September 13, 2001, we announced that our Board of Directors had authorized a stock repurchase program. The remaining authorized amount for stock repurchases under this program is approximately \$9.2 billion with no termination date.

For the majority of restricted stock units granted, the number of shares issued on the date the restricted stock units vest is net of shares withheld to meet applicable tax withholding requirements. Although these withheld shares are not issued or considered common stock repurchases under our stock repurchase program and therefore are not included in the preceding table, they are treated as common stock repurchases in our financial statements as they reduce the number of shares that would have been issued upon vesting.

**Item 3. Defaults Upon Senior Securities**

None.

**Item 4. Mine Safety Disclosures**

Not applicable.

**Item 5. Other Information**

None.

**Item 6. Exhibits**

The following documents are filed as exhibits to this report:

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
2.1	<a href="#">Agreement and Plan of Merger, dated as of January 25, 2021 by and between Cisco Systems, Inc., a California corporation, and Cisco Systems (DE), Inc., a Delaware corporation</a>	8-K12B	001-39940	2.1	1/25/2021	
3.1	<a href="#">Amended and Restated Certificate of Incorporation of Cisco Systems, Inc., as currently in effect</a>	8-K12B	001-39940	3.1	1/25/2021	
3.2	<a href="#">Amended and Restated Bylaws of Cisco Systems, Inc., as currently in effect</a>	8-K12B	001-39940	3.2	1/25/2021	
4.1	<a href="#">First Supplemental Indenture, dated January 25, 2021 to the Indenture, dated February 17, 2009, between Cisco Systems, Inc. and the Bank of New York Mellon Trust Company, N.A., as trustee</a>					X
4.2	<a href="#">First Supplemental Indenture, dated January 25, 2021 to the Indenture, dated November 17, 2009, between Cisco Systems, Inc. and the Bank of New York Mellon Trust Company, N.A., as trustee</a>					X
4.3	<a href="#">First Supplemental Indenture, dated January 25, 2021 to the Indenture, dated March 3, 2014, between the Company and The Bank of New York Mellon Trust Company</a>					X
10.1*	<a href="#">Letter Agreement by and between Cisco Systems, Inc. and R. Scott Herren</a>	8-K	000-18225	10.1	11/13/2020	
10.2*	<a href="#">Transition Agreement by and between Cisco Systems, Inc. and Kelly A. Kramer</a>	8-K	000-18225	10.2	11/13/2020	
10.3	<a href="#">First Amendment to Amended and Restated Credit Agreement and Consent, dated as of January 25, 2021, by and among Cisco Systems, Inc., the Lenders party thereto, and Bank of America, N.A., as Administrative Agent</a>					X
10.4*	<a href="#">Form of Indemnity Agreement</a>	8-K12B	001-39940	10.1	1/25/2021	
10.5*	<a href="#">Cisco Systems, Inc. 2005 Stock Incentive Plan (including related form agreements)</a>					X
10.6*	<a href="#">Cisco Systems, Inc. Deferred Compensation Plan, as amended</a>					X
10.7*	<a href="#">Cisco Systems, Inc. Employee Stock Purchase Plan</a>					X
31.1	<a href="#">Rule 13a-14(a)/15d-14(a) Certification of Principal Executive Officer</a>					X
31.2	<a href="#">Rule 13a-14(a)/15d-14(a) Certification of Principal Financial Officer</a>					X
32.1	<a href="#">Section 1350 Certification of Principal Executive Officer</a>					X
32.2	<a href="#">Section 1350 Certification of Principal Financial Officer</a>					X
101.INS	Inline XBRL Instance - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.					X
101.SCH	Inline XBRL Taxonomy Extension Schema Document					X



Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document				X	
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document				X	
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document				X	
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document				X	
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)				X	

\* Indicates a management contract or compensatory plan or arrangement.

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Cisco Systems, Inc.

Date: February 16, 2021

By /s/ R. Scott Herren

R. Scott Herren  
Executive Vice President and  
Chief Financial Officer  
(Principal Financial Officer and duly authorized signatory)

## FIRST SUPPLEMENTAL INDENTURE

FIRST SUPPLEMENTAL INDENTURE, dated as of January 25, 2021, by and among Cisco Systems, Inc., a California Corporation (the “**Company**”), Cisco Systems (DE), Inc., a Delaware corporation (the “**Successor Company**”) and The Bank of New York Mellon Trust Company, N.A., as trustee (the “**Trustee**”).

WHEREAS, the Company has duly issued its 5.90% Senior Notes due 2039 (the “**Notes**”), in the aggregate principal amount of \$2,000,000,000 pursuant to an Indenture dated as of February 17, 2009 (the “**Indenture**”), between the Company and the Trustee; and

WHEREAS, the Notes are outstanding on the date hereof; and

WHEREAS, as permitted by the terms of the Indenture, the Company, immediately prior to the effectiveness of this First Supplemental Indenture, shall merge (the “**Merger**”) with and into the Successor Company with the Successor Company as the surviving corporation. The parties hereto are entering into this First Supplemental Indenture pursuant to, and in accordance with, Articles IV and X of the Indenture.

NOW, THEREFORE, the parties hereto agree as follows:

### SECTION 1. DEFINITIONS.

Capitalized terms not defined herein shall have the meaning given to such terms in the Indenture.

### SECTION 2. ASSUMPTION OF OBLIGATIONS.

- (a) The Successor Company hereby expressly assumes the Company’s obligations with respect to the Notes and under the Indenture.
- (b) Pursuant to, and in compliance and accordance with, the Indenture, the Successor Company succeeds to and is substituted for the Company, with the same effect as if the Successor Company had originally been named in the Indenture as the Original Issuer, and may exercise every right and power of the Company under the Indenture.

### SECTION 3. MISCELLANEOUS.

**Section 3.1 New York Law to Govern. THE INTERNAL LAW OF THE STATE OF NEW YORK SHALL GOVERN AND BE USED TO CONSTRUE THIS FIRST SUPPLEMENTAL INDENTURE WITHOUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS OF LAW TO THE EXTENT THAT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY.**

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**Section 3.2 Counterparts.** The parties may sign any number of copies of this First Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

**Section 3.3 Effect of Headings.** The Section headings herein are for convenience only and shall not affect the construction hereof.

**Section 3.4. Confirmations; Effectiveness.** As amended by this First Supplemental Indenture, the Indenture and the Notes are ratified and confirmed in all respects, and the Indenture as so amended shall be read, taken and construed as one and the same instrument. This First Supplemental Indenture shall form a part of the Indenture for all purposes, and every holder of Notes heretofore or hereafter authenticated and delivered shall be bound hereby.

**Section 3.5 Trust Indenture Act.** If and to the extent that any provision of this Supplemental Indenture limits, qualifies or conflicts with another provision included in this Supplemental Indenture or in the Indenture, which is required to be included in this Supplemental Indenture or the Indenture by the Trust Indenture Act of 1939, as amended (the “TIA”), such required provision of the TIA shall control.

**Section 3.6 Separability Clause.** In case any provision in this First Supplemental Indenture or in the Notes shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

**Section 3.7 Trustee.** The parties hereto agree that the Trustee is not responsible for the validity or sufficiency of this First Supplemental Indenture nor for the recitals herein.

[Signatures on following page]

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THE BANK OF NEW YORK MELLON TRUST  
COMPANY, N.A., as Trustee

By:           /s/ Lawrence M. Kusch            
Name: Lawrence M. Kusch  
Title: Vice President

First Supplemental Indenture

## FIRST SUPPLEMENTAL INDENTURE

FIRST SUPPLEMENTAL INDENTURE, dated as of January 25, 2021, by and among Cisco Systems, Inc., a California Corporation (the “**Company**”), Cisco Systems (DE), Inc., a Delaware corporation (the “**Successor Company**”) and The Bank of New York Mellon Trust Company, N.A., as trustee (the “**Trustee**”).

WHEREAS, the Company has duly issued its 5.50% Senior Notes due 2040 (the “**Notes**”), in the aggregate principal amount of \$2,000,000,000 pursuant to an Indenture dated as of November 17, 2009 (the “**Indenture**”), between the Company and the Trustee; and

WHEREAS, the Notes are outstanding on the date hereof; and

WHEREAS, as permitted by the terms of the Indenture, the Company, immediately prior to the effectiveness of this First Supplemental Indenture, shall merge (the “**Merger**”) with and into the Successor Company with the Successor Company as the surviving corporation. The parties hereto are entering into this First Supplemental Indenture pursuant to, and in accordance with, Articles IV and X of the Indenture.

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### SECTION 3. MISCELLANEOUS.

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**Section 3.4. Confirmations; Effectiveness.** As amended by this First Supplemental Indenture, the Indenture and the Notes are ratified and confirmed in all respects, and the Indenture as so amended shall be read, taken and construed as one and the same instrument. This First Supplemental Indenture shall form a part of the Indenture for all purposes, and every holder of Notes heretofore or hereafter authenticated and delivered shall be bound hereby.

**Section 3.5 Trust Indenture Act.** If and to the extent that any provision of this Supplemental Indenture limits, qualifies or conflicts with another provision included in this Supplemental Indenture or in the Indenture, which is required to be included in this Supplemental Indenture or the Indenture by the Trust Indenture Act of 1939, as amended (the “TIA”), such required provision of the TIA shall control.

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[Signatures on following page]

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THE BANK OF NEW YORK MELLON TRUST  
COMPANY, N.A., as Trustee

By:           /s/ Lawrence M. Kusch            
Name: Lawrence M. Kusch  
Title: Vice President

First Supplemental Indenture

## FIRST SUPPLEMENTAL INDENTURE

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WHEREAS, the Company has duly issued its 2.20% Senior Notes due 2021 in the aggregate principal amount of \$2,500,000,000; its 2.90% Senior Notes due 2021 in the aggregate principal amount of \$500,000,000; its 1.85% Senior Notes due 2021 in the aggregate principal amount of \$2,000,000,000; its 3.00% Senior Notes due 2022 in the aggregate principal amount of \$500,000,000; its 2.60% Senior Notes due 2023 in the aggregate principal amount of \$500,000,000; its 2.20% Senior Notes due 2023 in the aggregate principal amount of \$750,000,000; its 3.625% Senior Notes due 2024 in the aggregate principal amount of \$1,000,000,000; its 3.50% Senior Notes due 2025 in the aggregate principal amount of \$500,000,000; its 2.95% Senior Notes due 2026 in the aggregate principal amount of \$750,000,000; and its 2.50% Senior Notes due 2026 in the aggregate principal amount of \$1,500,000,000 (collectively, the “**Notes**”), in each case pursuant to an Indenture dated as of March 3, 2014 (the “**Indenture**”), between the Company and the Trustee; and

WHEREAS, the Notes are outstanding on the date hereof; and

WHEREAS, as permitted by the terms of the Indenture, the Company, immediately prior to the effectiveness of this First Supplemental Indenture, shall merge (the “**Merger**”) with and into the Successor Company with the Successor Company as the surviving corporation. The parties hereto are entering into this First Supplemental Indenture pursuant to, and in accordance with, Articles IV and X of the Indenture.

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[Signatures on following page]

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THE BANK OF NEW YORK MELLON TRUST  
COMPANY, N.A., as Trustee

By: \_\_\_\_\_ /s/ Lawrence M. Kusch  
Name: Lawrence M. Kusch  
Title: Vice President

First Supplemental Indenture

**FIRST AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT AND CONSENT**

This FIRST AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT AND CONSENT (this “Agreement”) is entered into as of January 25, 2021, among Cisco Systems, Inc., a California corporation (“Cisco Systems California”), the Lenders party hereto and Bank of America, N.A., as Administrative Agent. Capitalized terms used herein and not otherwise defined shall have the meanings assigned to such terms in the Credit Agreement (as defined below).

WHEREAS, Cisco Systems California, as the Borrower, the Lenders party thereto and the Administrative Agent entered into that certain Amended and Restated Credit Agreement, dated as of May 15, 2020 (as amended or modified from time to time, the “Credit Agreement”);

WHEREAS, Cisco Systems California has informed the Lenders that it intends to take the following actions: (a) form a new wholly-owned subsidiary incorporated in the State of Delaware with the name Cisco Systems (DE), Inc. (“Cisco Systems Delaware”), (b) merge with and into Cisco Systems Delaware with Cisco Systems Delaware being the surviving entity, (c) following the effectiveness of such merger have Cisco Systems Delaware automatically assume all obligations of Cisco Systems California, including all obligations of the Borrower under the Credit Agreement and the other Loan Documents and (d) change the name of Cisco Systems Delaware to Cisco Systems, Inc., a Delaware corporation (collectively such actions referred to herein as the “Delaware Merger”);

WHEREAS, Cisco Systems California has requested that the Lenders consent to the Delaware Merger and agree to such amendments and modifications to the Credit Agreement as is necessary to accommodate the Delaware Merger; and

WHEREAS, the Required Lenders have agreed to consent to the Delaware Merger and the parties hereto have agreed to amend the Credit Agreement in accordance with and subject to the terms and conditions provided for herein.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

**SECTION 1. Consent.** Subject to the other terms and conditions of this Agreement, the Lenders party hereto agree and consent to the consummation of the Delaware Merger notwithstanding Section 7.03 of the Credit Agreement. This consent is a one-time consent and shall not modify or affect the obligations of the Borrower (as such term is amended hereby) to comply fully with the terms of the Credit Agreement, as amended hereby, or any other Loan Document, including, but not limited to, Section 7.03 of the Credit Agreement, for any future periods. This consent is limited solely to the specific consent identified above and nothing contained in this Agreement shall be deemed to constitute a waiver of any other rights or remedies the Administrative Agent, the L/C Issuer or any Lender may have under the Credit Agreement or any other Loan Document or under applicable law except as specifically set forth herein.

**SECTION 2. Amendments to Credit Agreement.**

(a) A new definition is added to Section 1.01 of the Credit Agreement in the appropriate alphabetical order to read as follows:

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*“First Amendment Effective Date” means January 25, 2021.*

(b) The definition of Borrower in Section 1.01 of the Credit Agreement is hereby amended in its entirety to read as follows:

*“Borrower” means (a) prior to the First Amendment Effective Date, the meaning specified in the introductory paragraph hereto and (b) on and after the First Amendment Effective Date, Cisco Systems, Inc., a Delaware corporation.*

(c) Section 10.19 of the Credit Agreement is hereby amended in its entirety to read as follows:

*10.19 Electronic Execution of Assignments and Certain Other Documents.*

*This Agreement and any document, amendment, approval, consent, information, notice, certificate, request, statement, disclosure or authorization related to this Agreement (each a “Communication”), including Communications required to be in writing, may be in the form of an Electronic Record and may be executed using Electronic Signatures. The Borrower agrees that any Electronic Signature on or associated with any Communication shall be valid and binding on Borrower to the same extent as a manual, original signature, and that any Communication entered into by Electronic Signature, will constitute the legal, valid and binding obligation of the Borrower enforceable against such in accordance with the terms thereof to the same extent as if a manually executed original signature was delivered. Any Communication may be executed in as many counterparts as necessary or convenient, including both paper and electronic counterparts, but all such counterparts are one and the same Communication. For the avoidance of doubt, the authorization under this paragraph may include, without limitation, use or acceptance by the Administrative Agent and each of the Lenders of a manually signed paper Communication which has been converted into electronic form (such as scanned into PDF format), or an electronically signed Communication converted into another format, for transmission, delivery and/or retention. The Administrative Agent and each of the Lenders may, at its option, create one or more copies of any Communication in the form of an imaged Electronic Record (“Electronic Copy”), which shall be deemed created in the ordinary course of the such Person’s business, and destroy the original paper document. All Communications in the form of an Electronic Record, including an Electronic Copy, shall be considered an original for all purposes, and shall have the same legal effect, validity and enforceability as a paper record. Notwithstanding anything contained herein to the contrary, the Administrative Agent is under no obligation to accept an Electronic Signature in any form or in any format unless expressly agreed to by the Administrative Agent pursuant to procedures approved by it; provided, further, without limiting the foregoing, (a) to the extent the Administrative Agent has agreed to accept such Electronic Signature, the Administrative Agent and each of the Lenders shall be entitled to rely on any such Electronic Signature purportedly given by or on behalf of the Borrower without further verification and (b) upon the request of the Administrative Agent or any Lender, any Electronic Signature shall be promptly followed by such manually executed counterpart. For purposes hereof, “Electronic Record” and “Electronic Signature” shall have the meanings assigned to them, respectively, by 15 USC §7006, as it may be amended from time to time.*

**SECTION 3. Conditions of Effectiveness.** This Agreement shall be effective upon satisfaction of the following conditions precedent:

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(a) Receipt by the Administrative Agent of counterparts of this Agreement, executed by Cisco Systems California, the Required Lenders and the Administrative Agent.

(b) Receipt by the Administrative Agent of (i) an executed copy of the Agreement and Plan of Merger between Cisco Systems California and Cisco Systems Delaware which shall be in form and substance substantially the same as the Agreement and Plan of Merger attached to the Cisco 2020 Annual Notice of Meeting of Shareholders and Proxy Statement, (ii) a copy of the certificate of the merger of Cisco Systems California with and into Cisco Systems Delaware certified by the Secretary of State of Delaware to the effect that the Delaware Merger has been consummated and (iii) a copy of the certificate of merger filed with the Secretary of State of California.

(c) Receipt by the Administrative Agent of an executed Assumption, Ratification and Reaffirmation Agreement in the form attached hereto as Exhibit A (the "Assumption Agreement").

(d) Receipt by the Administrative Agent of (i) copies of the Organization Documents of Cisco Systems Delaware certified to be true and complete as of a recent date by the appropriate Governmental Authority of the jurisdiction of its organization and certified by a Responsible Officer of Cisco Systems Delaware to be true and correct as of the date of this Agreement, (ii) such documents and certificates as necessary to evidence that Cisco Systems Delaware is duly organized or formed, and is validly existing, in good standing and qualified to engage in business in the States of Delaware and California and (iii) such certificates of resolutions or other action, incumbency certificates and/or other certificates of Responsible Officers of each of Cisco Systems California and Cisco Systems Delaware as the Administrative Agent may require evidencing (A) the identity, authority and capacity of each Responsible Officer thereof authorized to act as a Responsible Officer in connection with, as applicable, this Agreement and the Assumption Agreement, (B) the authorization to consummate the Delaware Merger and (C) the authorization, as applicable, to execute and deliver this Agreement and the Assumption Agreement.

(e) Receipt by the Administrative Agent of favorable opinions of legal counsel addressed to the Administrative Agent on behalf of the Lenders, dated as of the date hereof, and in form and substance reasonably satisfactory to the Administrative Agent.

(f) No Default or Event of Default shall exist and be continuing.

(g) receipt by the Administrative Agent and each Lender, to the extent requested by the Administrative Agent or such Lender, of documentation and other customary information in order to comply with applicable law, including the PATRIOT Act.

(h) to the extent Cisco Systems Delaware qualifies as a "legal entity customer" under the Beneficial Ownership Regulation, receipt by the Administrative Agent and each Lender, to the extent requested by the Administrative Agent or such Lender, of a Beneficial Ownership Certification in relation to Cisco Systems Delaware.

(i) The Borrower shall have paid all reasonable out of pocket fees, and expenses required to paid in connection with this Agreement or are concurrently being paid.

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(j) Receipt by the Lenders of such other documents, instruments, agreements and information as is reasonably requested by the Lenders.

**SECTION 4. Representations and Warranties.** The Borrower reaffirms and restates the representations and warranties set forth in the Credit Agreement and in the other Loan Documents and all such representations and warranties shall be true and correct in all material respects (and in all respects if any such representation or warranty is already qualified by materiality or reference to Material Adverse Effect) on and as of the date hereof, except (i) to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct in all material respects (and in all respects if any such representation or warranty is already qualified by materiality or reference to Material Adverse Effect) as of such earlier date and (ii) the representations and warranties contained in clauses (a) and (b) of Section 5.05 of the Credit Agreement shall be deemed to refer to the most recent statements furnished pursuant to clauses (a) and (b), respectively, of Section 6.01 of the Credit Agreement. The Borrower represents and warrants (which representations and warranties shall survive the execution and delivery hereof) to the Administrative Agent and the Lenders that:

(a) it has all requisite power and authority and all requisite governmental licenses, authorizations, consents and approvals to execute, deliver and perform its obligations under this Agreement and the transactions contemplated hereby and has taken or caused to be taken all necessary corporate or other organizational action to authorize the execution, delivery and performance of this Agreement and the transactions contemplated hereby;

(b) no approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority or any other Person is necessary or required in connection with the execution, delivery or performance by, or enforcement against, the Borrower of this Agreement;

(c) this Agreement has been duly executed and delivered on its behalf by a duly authorized officer, and constitutes a legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms;

(d) no Default or Event of Default shall exist or would result from the consummation of the transactions contemplated by this Agreement; and

(e) the execution, delivery and performance by it of this Agreement will not (i) contravene the terms of any of the Borrower's Organization Documents; (ii) conflict with or result in any breach or contravention of, or the creation of any Lien under, or require any payment to be made under (x) any Contractual Obligation to which the Borrower is a party or affecting the Borrower or the properties of the Borrower or any of its Subsidiaries or (y) any material order, injunction, writ or decree of any Governmental Authority or any arbitral award to which the Borrower or its property is subject; or (iii) violate any Law.

**SECTION 5. Costs and Expenses.** The Borrower acknowledges and agrees that their payment obligations set forth in Section 10.04 of the Credit Agreement include the costs and expenses incurred by the Administrative Agent in connection with the preparation, negotiation, execution and delivery of this Agreement and any other documentation contemplated hereby (whether or not this Agreement becomes effective or the transactions contemplated hereby are consummated).

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**SECTION 6. Ratification.** Except as specifically amended hereby, the Credit Agreement and each other Loan Document is hereby ratified and confirmed and shall remain in full force and effect according to its terms. All references to the Credit Agreement in each of the Loan Documents shall hereafter mean the Credit Agreement as amended by all terms of this Agreement. After giving effect to this Agreement, all references to the Borrower in the Credit Agreement and the other Loan Documents shall be a reference to Cisco Systems, Inc., a Delaware corporation. This Agreement and the other Loan Documents constitute the entire contract among the parties hereto and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. The Borrower agrees to promptly take such action, upon the request of the Administrative Agent, as is necessary to carry out the intent of this Agreement.

**SECTION 7. Counterparts.** This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page of this Agreement by facsimile or other electronic imaging means (e.g. "pdf" or "tif") shall be effective as delivery of a manually executed counterpart of this Agreement.

**SECTION 8. Successors and Assigns.** The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

**SECTION 9. Severability.** If any provision of this Agreement shall be held invalid or unenforceable in whole or in part in any jurisdiction, such provision shall, as to such jurisdiction, be ineffective to the extent of such invalidity or enforceability without in any manner affecting the validity or enforceability of such provision in any other jurisdiction or the remaining provisions of this Agreement in any jurisdiction.

**SECTION 10. Governing Law.** THIS AGREEMENT AND ANY CLAIMS, CONTROVERSY, DISPUTE OR CAUSE OF ACTION (WHETHER IN CONTRACT OR TORT OR OTHERWISE) BASED UPON, ARISING OUT OF OR RELATING TO THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK. The submission to jurisdiction, waiver of venue, service of process, and waiver of jury trial provisions of Sections 10.14 and 10.15 of the Credit Agreement are hereby incorporated by reference, mutatis mutandis.

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*IN WITNESS WHEREOF*, Cisco Systems California, the Administrative Agent and the undersigned Lenders have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

BORROWER:

CISCO SYSTEMS, INC.,  
a California corporation

By: /s/ Evan Sloves

Name: Evan B. Sloves

Title: Vice President and Secretary

Signature Page to First Amendment to Amended and Restated Credit Agreement and Consent  
Cisco Systems, Inc.

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ADMINISTRATIVE AGENT:

BANK OF AMERICA, N.A.,  
as Administrative Agent

By: /s/ Liliana Claar

Name: Liliana Claar

Title: Vice President

Signature Page to First Amendment to Amended and Restated Credit Agreement and Consent  
Cisco Systems, Inc.

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LENDERS:

BANK OF AMERICA, N.A.,  
as a Lender, L/C Issuer and Swing Line Lender

By: /s/ Jeannette Lu

Name: Jeannette Lu

Title: Director

Signature Page to First Amendment to Amended and Restated Credit Agreement and Consent  
Cisco Systems, Inc.

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CITIBANK, N.A.,  
as a Lender and L/C Issuer

By:     /s/ Susan M. Olsen    

Name: Susan M. Olsen

Title: Vice President

Signature Page to First Amendment to Amended and Restated Credit Agreement and Consent  
Cisco Systems, Inc.

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DEUTSCHE BANK AG NEW YORK BRANCH,  
as a Lender and L/C Issuer

By: /s/ Ming K. Chu

Name: Ming K. Chu

Title: Director

By: /s/ Marko Lukin

Name: Marko Lukin

Title: Vice President

Signature Page to First Amendment to Amended and Restated Credit Agreement and Consent  
Cisco Systems, Inc.

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JPMORGAN CHASE BANK, N.A.,  
as a Lender and L/C Issuer

By:         /s/ John Kowalczuk        

Name: John Kowalczuk

Title: Executive Director

Signature Page to First Amendment to Amended and Restated Credit Agreement and Consent  
Cisco Systems, Inc.

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WELLS FARGO BANK, NATIONAL ASSOCIATION,  
as a Lender and L/C Issuer

By: /s/ Karen H. McClain

Name: Karen H. McClain

Title: Managing Director

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Signature Page to First Amendment to Amended and Restated Credit Agreement and Consent  
Cisco Systems, Inc.

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BARCLAYS BANK PLC,  
as a Lender

By: /s/ Jake Lam  
Name: Jake Lam  
Title: Assistant Vice President

Signature Page to First Amendment to Amended and Restated Credit Agreement and Consent  
Cisco Systems, Inc.

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CREDIT SUISSE AG, CAYMAN ISLANDS BRANCH,  
as a Lender

By: /s/ Judith Smith

Name: Judith Smith

Title: Authorized Signatory

By: /s/ Jessica Gavarkovs

Name: Jessica Gavarkovs

Title: Authorized Signatory

Signature Page to First Amendment to Amended and Restated Credit Agreement and Consent  
Cisco Systems, Inc.

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BNP PARIBAS,  
as a Lender

By: /s/ Barbara Nash

Name: Barbara Nash

Title: Managing Director

By: /s/ Chief Marbumrung

Name: Chief Marbumrung

Title: Vice President

Signature Page to First Amendment to Amended and Restated Credit Agreement and Consent  
Cisco Systems, Inc.

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GOLDMAN SACHS BANK USA,  
as a Lender

By: /s/ Mahesh Mohan

Name: Mahesh Mohan

Title: Authorized Signatory

Signature Page to First Amendment to Amended and Restated Credit Agreement and Consent  
Cisco Systems, Inc.

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ROYAL BANK OF CANADA,  
as a Lender

By: /s/ Nicholas Heslip

Name: Nicholas Heslip

Title: Authorized Signatory

Signature Page to First Amendment to Amended and Restated Credit Agreement and Consent  
Cisco Systems, Inc.

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## EXHIBIT A

### BORROWER ASSUMPTION, RATIFICATION, AND REAFFIRMATION AGREEMENT

This BORROWER ASSUMPTION, RATIFICATION AGREEMENT AND REAFFIRMATION AGREEMENT (this “Agreement”), dated as of January [ ], 2021, is entered into by CISCO SYSTEMS, INC., a Delaware corporation (“Cisco Systems Delaware”) for the benefit of BANK OF AMERICA, N.A., in its capacity as the Administrative Agent on behalf of the Lenders. All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement (as defined below).

WHEREAS, Cisco Systems, Inc., a California corporation (“Cisco Systems California”), as the Borrower, the Lenders party thereto and the Administrative Agent entered into that certain Amended and Restated Credit Agreement, dated as of May 15, 2020 (as amended or modified from time to time, the “Credit Agreement”);

WHEREAS, Cisco Systems California merged with and into Cisco Systems Delaware (f/k/a Cisco Systems (DE), Inc.) with Cisco Systems Delaware being the surviving entity (the “Delaware Merger”); and

WHEREAS, in connection with the Delaware Merger, Cisco Systems Delaware agreed to assume all obligations of Cisco Systems California, including all of its obligations as the Borrower under the Credit Agreement and the other Loan Documents.

NOW, THEREFORE, in consideration of the foregoing and of other good and valuable consideration, the receipt of which are hereby acknowledged, the parties hereto agree as follows:

1. Assumption of Loan Document Obligations; Joinder to Loan Documents. Upon consummation of the Delaware Merger, Cisco Systems Delaware hereby absolutely and expressly assumes all of the duties, obligations and liabilities of the Borrower in, to and under each of the Credit Agreement and each other Loan Document to which the Borrower is a party, to the same extent as if Cisco Systems Delaware had executed the Credit Agreement or such other Loan Document, as applicable. Cisco Systems Delaware hereby ratifies, as of the date hereof, and agrees to be bound by, the terms and provisions of the Credit Agreement and each other Loan Document, and hereby accepts all of the Borrower’s rights, interests, duties, obligations and liabilities under the Credit Agreement and each other Loan Document. Without limiting the generality of the foregoing terms of this Section 1, Cisco Systems Delaware hereby (a) acknowledges, agrees and confirms that, by its execution of this Agreement, Cisco Systems Delaware will be deemed to be (i) a party to the Credit Agreement as the “Borrower” for all purposes of the Credit Agreement, and shall have all of the obligations of the “Borrower” thereunder as if it had executed the Credit Agreement, and (ii) a party to each other Loan Document to which the Borrower is a party in the capacity as, and to the same extent as, the Borrower, and, in each case, it shall have all of the obligations that the Borrower has under each such Loan Document as if it had executed such Loan Document, (b) reaffirms the representations and warranties set forth in the Credit Agreement and each other Loan Document, or any document which has been furnished in connection therewith, (c) agrees to be bound by the affirmative and negative covenants set forth in the Credit Agreement or any other Loan Document, (d) promises to pay all Obligations as further provided in the Credit Agreement and the other Loan Documents, and (e) represents and warrants that, after giving effect to this Agreement and the Delaware Merger, no Default or Event of Default shall have occurred and be continuing.

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2. No Waiver. The execution, delivery and effectiveness of this Agreement shall not operate as a waiver of any right, power or remedy of any Lender, the L/C Issuer or the Administrative Agent under any of the Loan Documents or constitute a waiver of any provision of the Loan Documents.

3. Loan Document. The Credit Agreement and the obligations of the Borrower thereunder and under the other Loan Documents are hereby ratified and confirmed and shall remain in full force and effect according to their terms. This Agreement is a Loan Document.

4. Representations and Warranties. Cisco Systems Delaware represents and warrants that: (a) it has all requisite power and authority and all requisite governmental licenses, authorizations, consents and approvals to execute, deliver and perform its obligations under this Agreement and the transactions contemplated hereby and has taken or caused to be taken all necessary corporate or other organizational action to authorize the execution, delivery and performance of this Agreement and the transactions contemplated hereby; (b) the execution, delivery and performance by Cisco Systems Delaware of this Agreement will not (i) contravene the terms of its Organization Documents, (ii) conflict with or result in any breach or contravention of, or the creation of any Lien under, or require any payment to be made under (A) any Contractual Obligation to which it is a party or affecting it or its properties or any of its Subsidiaries or (B) any order, injunction, writ or decree of any Governmental Authority or any arbitral award to which it or its property is subject or (iii) violate any Law; (c) no approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority or any other Person is necessary or required in connection with the execution, delivery or performance by, or enforcement against, it of this Agreement, other than authorizations, approvals, actions, notices and filings which have been duly obtained; and (d) this Agreement has been duly executed and delivered on its behalf by a duly authorized officer, and constitutes a legal, valid and binding obligation of it, enforceable against it in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity.

5. Counterparts. This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page of this Agreement by facsimile or other electronic means (e.g. "pdf" or "tif") shall be effective as delivery of a manually executed counterpart of this Agreement. Subject to Section 10.19 of the Credit Agreement, this Agreement may be in the form of an Electronic Record, and may be executed using Electronic Signatures (including facsimile and .pdf), and shall be considered an original and shall have the same legal effect, validity and enforceability as a paper record.

6. Severability. If any provision of this Agreement shall be held invalid or unenforceable in whole or in part in any jurisdiction, such provision shall, as to such jurisdiction, be ineffective to the extent of such invalidity or enforceability without in any manner affecting the validity or enforceability of such provision in any other jurisdiction or the remaining provisions of this Agreement in any jurisdiction.

7. GOVERNING LAW. THIS AGREEMENT AND ANY CLAIMS, CONTROVERSY, DISPUTE OR CAUSE OF ACTION (WHETHER IN CONTRACT OR TORT OR OTHERWISE) BASED UPON, ARISING OUT OF OR RELATING TO THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

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8. Submission to Jurisdiction; Waiver of Venue; Waiver of Jury Trial. The submission to jurisdiction, waiver of venue, service of process, and waiver of jury trial provisions of Sections 10.14 and 10.15 of the Credit Agreement are hereby incorporated by reference, mutatis mutandis.

*[Signature pages follow]*

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

CISCO SYSTEMS, INC., a Delaware corporation

By: \_\_\_\_\_  
Name:  
Title:

BORROWER ASSUMPTION, RATIFICATION, AND REAFFIRMATION AGREEMENT  
CISCO SYSTEMS, INC.

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ACKNOWLEDGED AS OF THE DATE HEREOF:

BANK OF AMERICA, N.A.,  
as Administrative Agent

By: \_\_\_\_\_  
Name:  
Title:

BORROWER ASSUMPTION, RATIFICATION, AND REAFFIRMATION AGREEMENT  
CISCO SYSTEMS, INC.

**CISCO SYSTEMS, INC.**  
**2005 STOCK INCENTIVE PLAN**  
**AS AMENDED AND RESTATED**  
(Effective as of January 25, 2021)

**SECTION 1. INTRODUCTION.**

The Company's shareholders approved the Cisco Systems, Inc. 2005 Stock Incentive Plan, as amended and restated and effective on December 10, 2020.

The purpose of the Plan is to promote the long-term success of the Company and the creation of shareholder value by offering Key Employees an opportunity to share in such long-term success by acquiring a proprietary interest in the Company.

The Plan seeks to achieve this purpose by providing for discretionary long-term incentive Awards in the form of Options (which may constitute Incentive Stock Options or Nonstatutory Stock Options), Stock Appreciation Rights, Stock Grants, and Stock Units.

The Plan shall be governed by, and construed in accordance with, the laws of the State of California (except its choice-of-law provisions).

Capitalized terms shall have the meaning provided in Section 2 unless otherwise provided in this Plan or any related Stock Option Agreement, SAR Agreement, Stock Grant Agreement or Stock Unit Agreement.

**SECTION 2. DEFINITIONS.**

- (a) "Affiliate" means any entity other than a Subsidiary, if the Company and/or one or more Subsidiaries own not less than 50% of such entity.
- (b) "Award" means any award of an Option, SAR, Stock Grant or Stock Unit under the Plan.
- (c) "Board" means the Board of Directors of the Company, as constituted from time to time.
- (d) "Cashless Exercise" means, to the extent that a Stock Option Agreement so provides and as permitted by applicable law, a program approved by the Committee in which payment may be made all or in part by delivery (on a form prescribed by the Committee) of an irrevocable direction to a securities broker to sell Shares and to deliver all or part of the sale proceeds to the Company in payment of the aggregate Exercise Price and, if applicable, the amount necessary to satisfy the Company's withholding obligations at the minimum statutory withholding rates, including, but not limited to, U.S. federal and state income taxes, payroll taxes, and foreign taxes, if applicable.
- (e) "Cause" means, except as may otherwise be provided in a Participant's employment agreement or Award agreement, a conviction of a Participant for a felony crime or the failure of a Participant to contest prosecution for a felony crime, or a Participant's misconduct, fraud or dishonesty (as such terms are defined by the Committee in its sole discretion), or any unauthorized use or disclosure of confidential information or trade secrets, in each case as determined by the Committee, and the Committee's determination shall be conclusive and binding.
- (f) "Change In Control" except as may otherwise be provided in a Participant's employment agreement or Award agreement, means the occurrence of any of the following:
  - (i) A change in the composition of the Board over a period of thirty-six consecutive months or less such that a majority of the Board members ceases, by reason of one or more contested elections for Board membership, to be comprised of individuals who either (A) have been Board members continuously since the beginning of such period or (B) have been elected or nominated for election as Board members during such period by at least a majority of the Board members described in clause (A) who were still in office at the time the Board approved such election or nomination; or
  - (ii) The acquisition, directly or indirectly, by any person or related group of persons (other than the Company or a person that directly or indirectly controls, is controlled by, or is under common control with, the Company) of beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of securities of the Company representing more than 35% of the total combined

voting power of the Company's then outstanding securities pursuant to a tender or exchange offer made directly to the Company's shareholders which the Board does not recommend such shareholders accept.

- (g) "Code" means the Internal Revenue Code of 1986, as amended, and the regulations and interpretations promulgated thereunder.
- (h) "Committee" means a committee described in Section 3.
- (i) "Common Stock" means the Company's common stock.
- (j) "Company" means Cisco Systems, Inc., a Delaware corporation.
- (k) "Consultant" means an individual who performs bona fide services to the Company, a Parent, a Subsidiary or an Affiliate, other than as an Employee or Director or Non-Employee Director.
- (l) "Corporate Transaction" except as may otherwise be provided in a Participant's employment agreement or Award agreement, means the occurrence of any of the following shareholder approved transactions:
  - (i) The consummation of a merger or consolidation of the Company with or into another entity or any other corporate reorganization, if more than 50% of the combined voting power of the continuing or surviving entity's securities outstanding immediately after such merger, consolidation or other reorganization is owned by persons who were not shareholders of the Company immediately prior to such merger, consolidation or other reorganization; or
  - (ii) The sale, transfer or other disposition of all or substantially all of the Company's assets.

A transaction shall not constitute a Corporate Transaction if its sole purpose is to change the state of the Company's incorporation or to create a holding company that will be owned in substantially the same proportions by the persons who held the Company's securities immediately before such transactions.

- (m) "Director" means a member of the Board who is also an Employee.
- (n) "Disability" means that the Key Employee is classified as disabled under a long-term disability policy of the Company or, if no such policy applies, the Key Employee is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months.
- (o) "Employee" means an individual who is a common-law employee of the Company, a Parent, a Subsidiary or an Affiliate.
- (p) "Exchange Act" means the Securities Exchange Act of 1934, as amended.
- (q) "Exercise Price" means, in the case of an Option, the amount for which a Share may be purchased upon exercise of such Option, as specified in the applicable Stock Option Agreement. "Exercise Price," in the case of a SAR, means an amount, as specified in the applicable SAR Agreement, which is subtracted from the Fair Market Value in determining the amount payable upon exercise of such SAR.
- (r) "Fair Market Value" means the market price of a Share as determined in good faith by the Committee. The Fair Market Value shall be determined by the following:
  - (i) If the Shares were traded over-the-counter or listed with NASDAQ on the date in question, then the Fair Market Value shall be equal to the last transaction price quoted by the NASDAQ system for the date in question or
  - (ii) if the Common Stock is listed on the New York Stock Exchange or the American Stock Exchange on the date in question, the Fair Market Value is the closing selling price for the Common Stock as such price is officially quoted in the composite tape of transactions on the exchange determined by the Committee to be the primary market for the Common Stock for the date in question; provided, however, that if there is no such reported price for the Common Stock for the date in question under (i) or (ii), then such price on the last preceding date for which such price exists shall be determinative of Fair Market Value.

If neither (i) or (ii) are applicable, then the Fair Market Value shall be determined by the Committee in good faith on such basis as it deems appropriate.

Whenever possible, the determination of Fair Market Value by the Committee shall be based on the prices reported in the Western Edition of The Wall Street Journal. Such determination shall be conclusive and binding on all persons.

- (s) "Fiscal Year" means the Company's fiscal year.

- (t) "Grant" means any grant of an Award under the Plan.
- (u) "Incentive Stock Option" or "ISO" means an incentive stock option described in Code Section 422.
- (v) "Key Employee" means an Employee, Director, Non-Employee Director or Consultant who has been selected by the Committee to receive an Award under the Plan.
- (w) "Non-Employee Director" means a member of the Board who is not an Employee.
- (x) "Nonstatutory Stock Option" or "NSO" means a stock option that is not an ISO.
- (y) "Option" means an ISO or NSO granted under the Plan entitling the Optionee to purchase Shares.
- (z) "Optionee" means an individual, estate or other entity that holds an Option.
- (aa) "Parent" means any corporation (other than the Company) in an unbroken chain of corporations ending with the Company, if each of the corporations other than the Company owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain. A corporation that attains the status of a Parent on a date after the adoption of the Plan shall be considered a Parent commencing as of such date.
- (bb) "Participant" means an individual or estate or other entity that holds an Award.
- (cc) "Performance Goal" means an objective formula or standard determined by the Committee with respect to each Performance Period utilizing one or more of the following factors and any objectively verifiable adjustment(s) thereto permitted and pre-established by the Committee: (i) operating income, operating cash flow and operating expense; (ii) earnings before interest, taxes, depreciation and amortization; (iii) earnings; (iv) cash flow; (v) market share; (vi) sales; (vii) revenue; (viii) profits before interest and taxes; (ix) expenses; (x) cost of goods sold; (xi) profit/loss or profit margin; (xii) working capital; (xiii) return on capital, equity or assets; (xiv) earnings per share; (xv) economic value added; (xvi) stock price; (xvii) price/earnings ratio; (xviii) debt or debt-to-equity; (xix) accounts receivable; (xx) writeoffs; (xxi) cash; (xxii) assets; (xxiii) liquidity; (xxiv) operations; (xxv) intellectual property (e.g., patents); (xxvi) product development; (xxvii) regulatory activity; (xxviii) manufacturing, production or inventory; (xxix) mergers and acquisitions or divestitures; (xxx) financings; (xxxi) customer satisfaction; (xxxii) total shareholder return; and/or (xxxiii) any other performance factor selected by the Committee, each with respect to the Company and/or one or more of its affiliates or operating units.
- (dd) "Performance Period" means any period not exceeding 36 months as determined by the Committee, in its sole discretion. The Committee may establish different Performance Periods for different Participants, and the Committee may establish concurrent or overlapping Performance Periods.
- (ee) "Plan" means this Cisco Systems, Inc. 2005 Stock Incentive Plan as amended and restated, and as it may be further amended from time to time.
- (ff) "Previous Plan Award" means any award of an Option, SAR, Stock Grant or Stock Unit under the Cisco Systems, Inc. 1996 Stock Incentive Plan, the Cisco Systems, Inc. SA Acquisition Long-Term Incentive Plan or the Cisco Systems, Inc. WebEx Acquisition Long-Term Incentive Plan.
- (gg) "Re-Price" means that the Company has (i) lowered or reduced the Exercise Price of outstanding Options and/or outstanding SARs for any Participant(s), whether through amendment, cancellation, or replacement grants, or any other means, (ii) repurchased for cash outstanding Options and/or outstanding SARs when the Exercise Price is greater than the Fair Market Value of the underlying Shares, or (iii) any other action that is treated as a "repricing" under generally accepted accounting principles.
- (hh) "SAR Agreement" means the agreement described in Section 8 evidencing each Award of a Stock Appreciation Right.
- (ii) "SEC" means the Securities and Exchange Commission.
- (jj) "Section 16 Persons" means those officers, directors or other persons who are subject to Section 16 of the Exchange Act.
- (kk) "Securities Act" means the Securities Act of 1933, as amended.
- (ll) "Service" means service as an Employee, Director, Non-Employee Director or Consultant. A Participant's Service does not terminate when continued service crediting is required by applicable law. However, for purposes of determining whether an Option is entitled to continuing ISO status, a common-law employee's Service will be treated as terminating ninety (90) days after such Employee went on leave, unless

such Employee's right to return to active work is guaranteed by law or by a contract. Service terminates in any event when the approved leave ends, unless such Employee immediately returns to active work. The Committee determines which leaves count toward Service, and when Service terminates for all purposes under the Plan. Further, unless otherwise determined by the Committee, a Participant's Service shall not be deemed to have terminated merely because of a change in the capacity in which the Participant provides service to the Company, a Parent, Subsidiary or Affiliate, or a transfer between entities (the Company or any Parent, Subsidiary, or Affiliate); provided that there is no interruption or other termination of Service.

(mm) "Share" means one share of Common Stock.

(nn) "Stock Appreciation Right" or "SAR" means a stock appreciation right awarded under the Plan.

(oo) "Stock Grant" means Shares awarded under the Plan.

(pp) "Stock Grant Agreement" means the agreement described in Section 9 evidencing each Award of a Stock Grant.

(qq) "Stock Option Agreement" means the agreement described in Section 6 evidencing each Award of an Option.

(rr) "Stock Unit" means a bookkeeping entry representing the equivalent of one Share, as awarded under the Plan.

(ss) "Stock Unit Agreement" means the agreement described in Section 10 evidencing each Award of a Stock Unit.

(tt) "Subsidiary" means any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company, if each of the corporations other than the last corporation in the unbroken chain owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain. A corporation that attains the status of a Subsidiary on a date after the adoption of the Plan shall be considered a Subsidiary commencing as of such date.

(uu) "10-Percent Shareholder" means an individual who owns more than 10% of the total combined voting power of all classes of outstanding stock of the Company, its Parent or any of its Subsidiaries. In determining stock ownership, the attribution rules of Section 424(d) of the Code shall be applied.

### **SECTION 3. ADMINISTRATION.**

(a) **Committee Composition.** The Board or a Committee appointed by the Board shall administer the Plan. Unless the Board provides otherwise, the Company's Compensation & Management Development Committee shall be the Committee. Members of the Committee shall serve for such period of time as the Board may determine and shall be subject to removal by the Board at any time. The Board may also at any time terminate the functions of the Committee and reassume all powers and authority previously delegated to the Committee.

The Committee shall have membership composition which enables Awards to Section 16 Persons to qualify as exempt from liability under Section 16(b) of the Exchange Act.

The Board may also appoint one or more separate committees of the Board, each composed of two or more directors of the Company who need not qualify under Rule 16b-3, that may administer the Plan with respect to Key Employees who are not Section 16 Persons, may grant Awards under the Plan to such Key Employees and may determine all terms of such Awards.

Notwithstanding the foregoing, the Board shall constitute the Committee and shall administer the Plan with respect to Non-Employee Directors, shall grant Awards under the Plan to such Non-Employee Directors, and shall determine all terms of such Awards.

(b) **Authority of the Committee.** Subject to the provisions of the Plan, the Committee shall have full authority and sole discretion to take any actions it deems necessary or advisable for the administration of the Plan. Such actions shall include:

- (i) selecting Key Employees who are to receive Awards under the Plan;
- (ii) determining the type, number, vesting requirements and other features and conditions of such Awards and amending such Awards;
- (iii) correcting any defect, supplying any omission, or reconciling any inconsistency in the Plan or any Award agreement;



- (iv) accelerating the vesting, or extending the post-termination exercise term, of Awards at any time and under such terms and conditions as it deems appropriate;
- (v) interpreting the Plan;
- (vi) making all other decisions relating to the operation of the Plan; and
- (vii) adopting such plans or subplans as may be deemed necessary or appropriate to provide for the participation by Key Employees of the Company and its Subsidiaries and Affiliates who reside outside the U.S., which plans and/or subplans shall be attached hereto as Appendices.

The Committee may adopt such rules or guidelines as it deems appropriate to implement the Plan. The Committee's determinations under the Plan shall be final and binding on all persons.

(c) **Indemnification.** To the maximum extent permitted by applicable law, each member of the Committee, or of the Board, shall be indemnified and held harmless by the Company against and from (i) any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by him or her in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action taken or failure to act under the Plan or any Stock Option Agreement, SAR Agreement, Stock Grant Agreement or Stock Unit Agreement, and (ii) from any and all amounts paid by him or her in settlement thereof, with the Company's approval, or paid by him or her in satisfaction of any judgment in any such claim, action, suit, or proceeding against him or her, provided he or she shall give the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled under the Company's Articles of Incorporation or Bylaws, by contract, as a matter of law, or otherwise, or under any power that the Company may have to indemnify them or hold them harmless.

#### **SECTION 4. GENERAL.**

(a) **General Eligibility.** Only Employees, Directors, Non-Employee Directors and Consultants shall be eligible for designation as Key Employees by the Committee, in its sole discretion.

(b) **Incentive Stock Options.** Only Key Employees who are common-law employees of the Company, a Parent or a Subsidiary shall be eligible for the grant of ISOs. In addition, a Key Employee who is a 10-Percent Shareholder shall not be eligible for the grant of an ISO unless the requirements set forth in Section 422(c)(5) of the Code are satisfied.

(c) **Restrictions on Shares.** Any Shares issued pursuant to an Award shall be subject to such rights of repurchase, rights of first refusal and other transfer restrictions as the Committee may determine, in its sole discretion. Such restrictions shall apply in addition to any restrictions that may apply to holders of Shares generally and shall also comply to the extent necessary with applicable law. In no event shall the Company be required to issue fractional Shares under this Plan.

(d) **Beneficiaries.** Unless stated otherwise in an Award agreement, a Participant may designate one or more beneficiaries with respect to an Award by timely filing the prescribed form with the Company. A beneficiary designation may be changed by filing the prescribed form with the Company at any time before the Participant's death. If no beneficiary was designated or if no designated beneficiary survives the Participant, then after a Participant's death any vested Award(s) shall be transferred or distributed to the Participant's estate.

(e) **Performance Conditions.** The Committee may, in its discretion, include Performance Goals in an Award or grant an Award upon the satisfaction of Performance Goals.

(f) **No Rights as a Shareholder.** A Participant, or a transferee of a Participant, shall have no rights as a shareholder with respect to any Common Stock covered by an Award until such person has satisfied all of the terms and conditions to receive such Common Stock, has satisfied any applicable withholding or tax obligations relating to the Award and the Shares have been issued (as evidenced by an appropriate entry on the books of the Company or a duly authorized transfer agent of the Company).

(g) **Termination of Service.** Unless the applicable Award agreement or, with respect to Participants who reside in the U.S., the applicable employment agreement provides otherwise, the following rules shall govern the vesting, exercisability and term of outstanding Awards held by a Participant in the event of termination of such Participant's Service (in all cases subject to the expiration term of the Option or SAR as applicable): (i) upon termination of Service for any reason, all unvested portions of any outstanding Awards shall be immediately forfeited without consideration and the vested portions of any outstanding Stock Units shall be settled upon

termination; (ii) if the Service of a Participant is terminated for Cause, then all unexercised Options and SARs, unvested portions of Stock Units and unvested portions of Stock Grants shall terminate and be forfeited immediately without consideration; (iii) if the Service of a Participant is terminated for any reason other than for Cause, death, or Disability, then the vested portion of his or her then-outstanding Options and/or SARs may be exercised by such Participant or his or her personal representative within three months after the date of such termination; or (iv) if the Service of a Participant is terminated due to death or Disability, the vested portion of his or her then-outstanding Options and/or SARs may be exercised within eighteen months after the date of termination of Service.

(h) Director Fees. Each Non-Employee Director may elect to receive a Stock Grant or Stock Unit under the Plan in lieu of payment of a portion of his or her regular annual retainer, additional retainer paid in connection with service on any committee of the Board, or other cash fees based on the Fair Market Value of the Shares on the date any such retainers or cash fees would otherwise be paid. Such an election may be for any dollar or percentage amount specified by the Company (up to a limit of 100% of the Non-Employee Director's retainers or cash fees). The election must be made prior to the beginning of the annual board of directors cycle which shall be any twelve month continuous period designated by the Board. Any amount of the retainers or cash fees that is not elected to be received as a Stock Grant or Stock Unit shall be payable in cash in accordance with the Company's standard payment procedures. Shares granted under this Section 4(h) shall otherwise be subject to the terms of the Plan applicable to Non-Employee Directors or to Participants generally (other than provisions specifically applying only to Employees).

(i) Dividends and Dividend Equivalents. No dividends may be paid to a Participant with respect to an Award prior to the vesting of such Award. An Award other than Option or SAR may provide for dividends or dividend equivalents to accrue on behalf of a Participant as of each dividend payment date during the period between the date the Award is granted and the date the Award is exercised, vested, expired, credited or paid, and to be converted to vested cash or Shares at the same time and in all events subject to the same restrictions and risk of forfeiture to the same extent as the Award with respect to which such dividend or dividend equivalents have been credited and shall not be paid until and unless the underlying Award vests. For the avoidance of doubt, no dividend or dividend equivalent rights shall be granted with respect to Options or SARs.

#### **SECTION 5. SHARES SUBJECT TO PLAN AND SHARE LIMITS.**

(a) Basic Limitations. The stock issuable under the Plan shall be authorized but unissued Shares. The aggregate number of Shares reserved for Awards under the Plan shall not exceed 789,975,000 Shares, subject to adjustment pursuant to Section 11. Shares issued as Stock Grants, pursuant to Stock Units or pursuant to the settlement of dividend equivalents will count against the Shares available for issuance under the Plan as 1.5 Shares for every 1 Share issued in connection with the Award or dividend equivalent.

(b) Additional Shares. If Awards are forfeited or are terminated for any other reason before being exercised or settled, then the Shares underlying such Awards, plus the number of additional Shares, if any, that counted against Shares available for issuance under the Plan in respect thereof at the time of Grant, shall again become available for Awards under the Plan. If a Previous Plan Award is forfeited or is terminated for any other reason before being exercised or settled, then the Shares underlying such Previous Plan Award shall again become available for Awards under this Plan. SARs shall be counted in full against the number of Shares available for issuance under the Plan, regardless of the number of Shares issued upon settlement of the SARs. In the event that withholding tax liabilities arising from an Award other than an Option or SAR are satisfied by the withholding of Shares by the Company, then the Shares so withheld, plus the number of additional Shares, if any, that counted against Shares available for issuance under the Plan in respect thereof at the time of Grant, shall again become available for Awards under the Plan. In the event that withholding tax liabilities arising from an Option or SAR are satisfied by the withholding of Shares by the Company, then the Shares so withheld shall not be added to the Shares available for Awards under the Plan. In addition, Shares that are exchanged by a Participant or withheld by the Company as full or partial payment in connection with the exercise or settlement of an Option or SAR shall not be available for subsequent Awards under the Plan and Shares repurchased on the open market with the proceeds of an Option exercise shall not again be made available for issuance under the Plan.

(c) Dividend Equivalents. Any dividend equivalents settled in Shares under the Plan shall be applied against the number of Shares available for Awards.

(d) Share Limits.

(i) **Limits on Options.** Subject to adjustment pursuant to Section 11, no Key Employee shall receive Options to purchase Shares during any Fiscal Year covering in excess of 5,000,000 Shares and the aggregate maximum number of Shares that may be issued in connection with ISOs shall be 789,975,000 Shares.

(ii) **Limits on SARs.** Subject to adjustment pursuant to Section 11, no Key Employee shall receive Awards of SARs during any Fiscal Year covering in excess of 5,000,000 Shares and the aggregate maximum number of Shares that may be issued in connection with SARs shall be 789,975,000 Shares.

(iii) **Limits on Stock Grants and Stock Units.** Subject to adjustment pursuant to Section 11, no Key Employee shall receive Stock Grants or Stock Units during any Fiscal Year covering, in the aggregate, in excess of 5,000,000 Shares.

(iv) **Limits on Awards to Non-Employee Directors.** Notwithstanding any other provision of the Plan to the contrary, the maximum value of Awards granted under the Plan during a Fiscal Year to a Non-Employee Director for services on the Board, taken together with any cash fees paid by the Company to such Non-Employee Director during such Fiscal Year for services on the Board, shall not exceed \$800,000 in total value (calculating the value of any such Awards based on the grant date fair value of such Awards under applicable financial accounting standards), including for this purpose the value of any Awards that are received in lieu of payment of all or a portion of his or her regular annual retainer, additional retainer paid in connection with service on any committee of the Board, or other cash fees (such as Awards received pursuant to an election under Section 4(h)). For the avoidance of doubt, neither Awards granted or compensation paid to a Non-Employee Director for services as an Employee or Consultant nor any amounts paid to a Non-Employee Director as a reimbursement of an expense shall count against the foregoing limitation.

## **SECTION 6. TERMS AND CONDITIONS OF OPTIONS.**

(a) **Stock Option Agreement.** Each Grant of an Option under the Plan shall be evidenced and governed exclusively by a Stock Option Agreement between the Optionee and the Company. Such Option shall be subject to all applicable terms and conditions of the Plan and may be subject to any other terms and conditions that are not inconsistent with the Plan and that the Committee deems appropriate for inclusion in a Stock Option Agreement (including without limitation any performance conditions). The provisions of the various Stock Option Agreements entered into under the Plan need not be identical. The Stock Option Agreement shall also specify whether the Option is an ISO or an NSO.

(b) **Number of Shares.** Each Stock Option Agreement shall specify the number of Shares that are subject to the Option and shall be subject to adjustment of such number in accordance with Section 11.

(c) **Exercise Price.** An Option's Exercise Price shall be established by the Committee and set forth in a Stock Option Agreement. The Exercise Price of an Option shall not be less than 100% of the Fair Market Value (110% for ISO grants to 10-Percent Shareholders) on the date of Grant.

(d) **Exercisability and Term.** Each Stock Option Agreement shall specify the date when all or any installment of the Option is to become exercisable. The Stock Option Agreement shall also specify the term of the Option; provided that the term of an Option shall in no event exceed ten years from the date of Grant. Unless the applicable Stock Option Agreement provides otherwise, each Option shall vest and become exercisable with respect to 20% of the Shares subject to the Option upon completion of one year of Service measured from the vesting commencement date, the balance of the Shares subject to the Option shall vest and become exercisable in forty-eight equal installments upon completion of each month of Service thereafter, and the term of the Option shall be ten years from the date of Grant. A Stock Option Agreement may provide for accelerated vesting in the event of the Participant's death, Disability, or other events. Notwithstanding any other provision of the Plan, no Option can be exercised after the expiration date provided in the applicable Stock Option Agreement and no Option may provide that, upon exercise of the Option, a new Option will automatically be granted.

(e) **Modifications or Assumption of Options.** Within the limitations of the Plan, the Committee may modify, extend or assume outstanding options or may accept the cancellation of outstanding options (whether granted by the Company or by another issuer) in return for the grant of new Options for the same or a different number of Shares, at the same or a different Exercise Price, and with the same or different vesting provisions. Notwithstanding the preceding sentence or anything to the contrary herein, the Committee may not Re-Price outstanding Options unless there is approval by the Company shareholders and, unless a modification is necessary or desirable to comply with any applicable law, regulation or rule, such modification of an Option shall not, without the consent of the Optionee, impair his or her rights or obligations under such Option.

(f) Assignment or Transfer of Options. Except as otherwise provided in the applicable Stock Option Agreement and then only to the extent permitted by applicable law, no Option shall be transferable by the Optionee other than by will or by the laws of descent and distribution. For the avoidance of doubt, in no event may an Option be transferred for value and any Option transferred in accordance with a Stock Option Agreement, if permitted, shall continue to be subject to the same terms and conditions as were applicable to the Option immediately before the transfer. Except as otherwise provided in the applicable Stock Option Agreement, an Option may be exercised during the lifetime of the Optionee only by the Optionee or by the guardian or legal representative of the Optionee. No Option or interest therein may be assigned, pledged or hypothecated by the Optionee during his or her lifetime, whether by operation of law or otherwise, or be made subject to execution, attachment or similar process.

#### **SECTION 7. PAYMENT FOR OPTION SHARES.**

The entire Exercise Price of Shares issued upon exercise of Options shall be payable in cash at the time when such Shares are purchased, except as follows and if so provided for in an applicable Stock Option Agreement:

- (i) Surrender of Stock. Payment for all or any part of the Exercise Price or Options may be made with Shares which have already been owned by the Optionee; provided that the Committee may, in its sole discretion, require that Shares tendered for payment be previously held by the Optionee for a minimum duration. Such Shares shall be valued at their Fair Market Value.
- (ii) Cashless Exercise. Payment for all or any part of the Exercise Price may be made through Cashless Exercise at the Committee's sole discretion.
- (iii) Other Forms of Payment. Payment for all or any part of the Exercise Price may be made in any other form that is consistent with applicable laws, regulations and rules and approved by the Committee.

In the case of an ISO granted under the Plan, payment shall be made only pursuant to the express provisions of the applicable Stock Option Agreement. The Stock Option Agreement may specify that payment may be made in any form(s) described in this

Section 7. In the case of an NSO granted under the Plan, the Committee may, in its discretion at any time, accept payment in any form(s) described in this Section 7.

#### **SECTION 8. TERMS AND CONDITIONS OF STOCK APPRECIATION RIGHTS.**

- (a) SAR Agreement. Each Grant of a SAR under the Plan shall be evidenced and governed exclusively by a SAR Agreement between the Participant and the Company. Such SAR shall be subject to all applicable terms and conditions of the Plan and may be subject to any other terms and conditions that are not inconsistent with the Plan and that the Committee deems appropriate for inclusion in a SAR Agreement (including without limitation any performance conditions). A SAR Agreement may provide for a maximum limit on the amount of any payout notwithstanding the Fair Market Value on the date of exercise of the SAR. The provisions of the various SAR Agreements entered into under the Plan need not be identical. SARs may be granted in consideration of a reduction in the Participant's compensation.
- (b) Number of Shares. Each SAR Agreement shall specify the number of Shares to which the SAR pertains and shall be subject to adjustment of such number in accordance with Section 11.
- (c) Exercise Price. Each SAR Agreement shall specify the Exercise Price which shall be established by the Committee. The Exercise Price of a SAR shall not be less than 100% of the Fair Market Value on the date of Grant.
- (d) Exercisability and Term. Each SAR Agreement shall specify the date when all or any installment of the SAR is to become exercisable. The SAR Agreement shall also specify the term of the SAR which shall not exceed ten years from the date of Grant. Unless the applicable SAR Agreement provides otherwise, each SAR shall vest and become exercisable with respect to 20% of the Shares subject to the SAR upon completion of one year of Service measured from the vesting commencement date, the balance of the Shares subject to the SAR shall vest and become exercisable in forty-eight equal installments upon completion of each month of Service thereafter, and the term of the SAR shall be ten years from the date of Grant. A SAR Agreement may provide for accelerated vesting in the event of the Participant's death, Disability, or other events. SARs may be awarded in combination with Options or Stock Grants, and such an Award shall provide that the SARs will not be exercisable unless the related Options or Stock Grants are forfeited. A SAR may be included in an ISO only at the time of Grant but may be included in an NSO at the time of Grant or at any subsequent time, but not later

than six months before the expiration of such NSO. No SAR may provide that, upon exercise of the SAR, a new SAR will automatically be granted.

(e) Exercise of SARs. If, on the date when a SAR expires, the Exercise Price under such SAR is less than the Fair Market Value on such date but any portion of such SAR has not been exercised or surrendered, then such SAR shall automatically be deemed to be exercised as of such date with respect to such portion. Upon exercise of a SAR, the Participant (or any person having the right to exercise the SAR) shall receive from the Company (i) Shares, (ii) cash or (iii) any combination of Shares and cash, as the Committee shall determine at the time of Grant of the SAR, in its sole discretion. The amount of cash and/or the Fair Market Value of Shares received upon exercise of SARs shall, in the aggregate, be equal to the amount by which the Fair Market Value (on the date of exercise) of the Shares subject to the SARs exceeds the Exercise Price of those Shares.

(f) Modification or Assumption of SARs. Within the limitations of the Plan, the Committee may modify, extend or assume outstanding stock appreciation rights or may accept the cancellation of outstanding stock appreciation rights (including stock appreciation rights granted by another issuer) in return for the grant of new SARs for the same or a different number of Shares, at the same or a different Exercise Price, and with the same or different vesting provisions. Notwithstanding the preceding sentence or anything to the contrary herein, the Committee may not Re-Price outstanding SARs unless there is approval by the Company shareholders and, unless a modification is necessary or desirable to comply with any applicable law, regulation or rule, such modification of a SAR shall not, without the consent of the Participant, impair his or her rights or obligations under such SAR.

(g) Assignment or Transfer of SARs. Except as otherwise provided in the applicable SAR Agreement and then only to the extent permitted by applicable law, no SAR shall be transferable by the Participant other than by will or by the laws of descent and distribution. For the avoidance of doubt, in no event may a SAR be transferred for value and any SAR transferred in accordance with a SAR Agreement, if permitted, shall continue to be subject to the same terms and conditions as were applicable to the SAR immediately before the transfer. Except as otherwise provided in the applicable SAR Agreement, a SAR may be exercised during the lifetime of the Participant only by the Participant or by the guardian or legal representative of the Participant. No SAR or interest therein may be assigned, pledged or hypothecated by the Participant during his or her lifetime, whether by operation of law or otherwise, or be made subject to execution, attachment or similar process.

#### **SECTION 9. TERMS AND CONDITIONS FOR STOCK GRANTS.**

(a) Amount and Form of Awards. Awards under this Section 9 may be granted in the form of a Stock Grant. Each Stock Grant Agreement shall specify the number of Shares to which the Stock Grant pertains and shall be subject to adjustment of such number in accordance with Section 11. A Stock Grant may also be awarded in combination with NSOs, and such an Award may provide that the Stock Grant will be forfeited in the event that the related NSOs are exercised.

(b) Stock Grant Agreement. Each Stock Grant awarded under the Plan shall be evidenced and governed exclusively by a Stock Grant Agreement between the Participant and the Company. Each Stock Grant shall be subject to all applicable terms and conditions of the Plan and may be subject to any other terms and conditions that are not inconsistent with the Plan and that the Committee deems appropriate for inclusion in the applicable Stock Grant Agreement (including without limitation any performance conditions). The provisions of the various Stock Grant Agreements entered into under the Plan need not be identical.

(c) Payment for Stock Grants. Stock Grants may be issued with or without cash consideration or any other form of legally permissible consideration approved by the Committee.

(d) Vesting Conditions. Each Stock Grant may or may not be subject to vesting. Any such vesting provision may provide that Shares shall vest based on Service over time or shall vest, in full or in installments, upon satisfaction of performance conditions specified in the Stock Grant Agreement which may include Performance Goals pursuant to Section 4(e). Unless the applicable Stock Grant Agreement provides otherwise, each Stock Grant shall vest with respect to 20% of the Shares subject to the Stock Grant upon completion of each year of Service on each of the first through fifth annual anniversaries of the vesting commencement date. A Stock Grant Agreement may provide for accelerated vesting in the event of the Participant's death, Disability, or other events.

(e) Assignment or Transfer of Stock Grants. Except as provided in the applicable Stock Grant Agreement, and then only to the extent permitted by applicable law, a Stock Grant awarded under the Plan shall not be anticipated, assigned, attached, garnished, optioned, transferred or made subject to any creditor's process,

whether voluntarily, involuntarily or by operation of law. Any act in violation of this Section 9(e) shall be void. However, this Section 9(e) shall not preclude a Participant from designating a beneficiary who will receive any vested outstanding Stock Grant Awards in the event of the Participant's death, nor shall it preclude a transfer of vested Stock Grant Awards by will or by the laws of descent and distribution.

(f) **Voting and Dividend Rights.** Subject to Section 4(i), the holder of a Stock Grant awarded under the Plan shall have the same voting, dividend and other rights as the Company's other shareholders, except that in the case of any unvested Shares that are subject to the Stock Grant, the holder shall not be entitled to any dividends and other distributions paid or distributed by the Company on the equivalent number of vested Shares. Notwithstanding the foregoing, at the Committee's discretion, the holder of unvested Shares may be credited with such dividends and other distributions, provided that such dividends and other distributions shall be paid or distributed to the Participant only if, when and to the extent such Shares vest. The value of dividends and other distributions payable or distributable with respect to any Shares that do not vest shall be forfeited. For the avoidance of doubt, other than with respect to the right to receive dividends and other distributions, the holders of unvested Shares shall have the same voting rights and other rights as the Company's other shareholders in respect of such unvested Shares.

(g) **Modification or Assumption of Stock Grants.** Within the limitations of the Plan, the Committee may modify or assume outstanding stock grants or may accept the cancellation of outstanding stock grants (including stock granted by another issuer) in return for the grant of new Stock Grants for the same or a different number of Shares and with the same or different vesting provisions. Notwithstanding the preceding sentence or anything to the contrary herein, the Committee may not modify an outstanding Stock Grant such that the modification shall, without the consent of the Participant, impair his or her rights or obligations under such Stock Grant, unless such modification is necessary or desirable to comply with any applicable law, regulation or rule.

#### **SECTION 10. TERMS AND CONDITIONS OF STOCK UNITS.**

(a) **Stock Unit Agreement.** Each grant of Stock Units under the Plan shall be evidenced and governed exclusively by a Stock Unit Agreement between the Participant and the Company. Such Stock Units shall be subject to all applicable terms and conditions of the Plan and may be subject to any other terms and conditions that are not inconsistent with the Plan and that the Committee deems appropriate for inclusion in the applicable Stock Unit Agreement (including without limitation any performance conditions). The provisions of the various Stock Unit Agreements entered into under the Plan need not be identical. Stock Units may be granted in consideration of a reduction in the Participant's other compensation.

(b) **Number of Shares.** Each Stock Unit Agreement shall specify the number of Shares to which the Stock Unit Grant pertains and shall be subject to adjustment of such number in accordance with Section 11.

(c) **Payment for Stock Units.** Stock Units shall be issued without consideration.

(d) **Vesting Conditions.** Each Award of Stock Units may or may not be subject to vesting. Any such vesting provision may provide that Shares shall vest based on Service over time or shall vest, in full or in installments, upon satisfaction of performance conditions specified in the Stock Unit Agreement which may include Performance Goals pursuant to Section 4(e). Unless the applicable Stock Unit Agreement provides otherwise, each Stock Unit shall vest with respect to 20% of the Shares subject to the Stock Unit upon completion of each year of Service on each of the first through fifth annual anniversaries of the vesting commencement date. A Stock Unit Agreement may provide for accelerated vesting in the event of the Participant's death, Disability, or other events.

(e) **Voting and Dividend Rights.** The holders of Stock Units shall have no voting rights. Prior to settlement or forfeiture, any Stock Unit awarded under the Plan may, at the Committee's discretion and subject to Section 4(i), carry with it a right to dividend equivalents. Such right entitles the holder to be credited with an amount equal to all dividends and other distributions (whether in cash or other property) paid on one Share while the Stock Unit is outstanding. Dividend equivalents may be converted into additional Stock Units. Settlement of dividend equivalents may be made in the form of cash, in the form of Shares, or in a combination of both. Dividend equivalents shall not be distributed prior to settlement of the Stock Unit to which the dividend equivalents pertain. Prior to distribution, any dividend equivalents shall be subject to the same conditions and restrictions (including, without limitation, any forfeiture conditions) as the Stock Units to which they attach. The value of dividend equivalents payable or distributable with respect to Stock Units that do not vest shall be forfeited.

(f) **Form and Time of Settlement of Stock Units.** Settlement of vested Stock Units may be made in the form of (a) cash, (b) Shares or (c) any combination of both, as determined by the Committee at the time of the grant of the Stock Units, in its sole discretion. Methods of converting Stock Units into cash may include (without limitation) a method based on the average Fair Market Value of Shares over a series of trading days. Vested Stock Units may be settled in a lump sum or in installments. The distribution may occur or commence when the vesting conditions applicable to the Stock Units have been satisfied or have lapsed, or it may be deferred, in accordance with applicable law, to any later date. The amount of a deferred distribution may be increased by an interest factor or by dividend equivalents. Until an Award of Stock Units is settled, the number of such Stock Units shall be subject to adjustment pursuant to Section 11.

(g) **Creditors' Rights.** A holder of Stock Units shall have no rights other than those of a general creditor of the Company. Stock Units represent an unfunded and unsecured obligation of the Company, subject to the terms and conditions of the applicable Stock Unit Agreement.

(h) **Modification or Assumption of Stock Units.** Within the limitations of the Plan, the Committee may modify or assume outstanding stock units or may accept the cancellation of outstanding stock units (including stock units granted by another issuer) in return for the grant of new Stock Units for the same or a different number of Shares and with the same or different vesting provisions. Notwithstanding the preceding sentence or anything to the contrary herein, the Committee may not modify an outstanding Stock Unit such that the modification shall, without the consent of the Participant, impair his or her rights or obligations under such Stock Unit, unless such modification is necessary or desirable to comply with any applicable law, regulation or rule.

(i) **Assignment or Transfer of Stock Units.** Except as provided in the applicable Stock Unit Agreement, and then only to the extent permitted by applicable law, Stock Units shall not be anticipated, assigned, attached, garnished, optioned, transferred or made subject to any creditor's process, whether voluntarily, involuntarily or by operation of law. Any act in violation of this Section 10(i) shall be void. However, this Section 10(i) shall not preclude a Participant from designating a beneficiary who will receive any outstanding vested Stock Units in the event of the Participant's death, nor shall it preclude a transfer of vested Stock Units by will or by the laws of descent and distribution.

#### **SECTION 11. PROTECTION AGAINST DILUTION.**

(a) **Adjustments.** In the event of a subdivision of the outstanding Shares, a declaration of a dividend payable in Shares, a declaration of a dividend payable in a form other than Shares in an amount that has a material effect on the price of Shares, a combination or consolidation of the outstanding Shares (by reclassification or otherwise) into a lesser number of Shares, a recapitalization, a spin-off or a similar occurrence, the Committee shall make appropriate adjustments to the following:

- (i) the number of Shares and the kind of shares or securities available for future Awards under Section 5;
- (ii) the limits on Awards specified in Section 5;
- (iii) the number of Shares and the kind of shares or securities covered by each outstanding Award; or
- (iv) the Exercise Price under each outstanding SAR or Option.

(b) **Participant Rights.** Except as provided in this Section 11, a Participant shall have no rights by reason of any issue by the Company of stock of any class or securities convertible into stock of any class, any subdivision or consolidation of shares of stock of any class, the payment of any stock dividend or any other increase or decrease in the number of shares of stock of any class. If by reason of an adjustment pursuant to this Section 11 a Participant's Award covers additional or different shares of stock or securities, then such additional or different shares and the Award in respect thereof shall be subject to all of the terms, conditions and restrictions which were applicable to the Award and the Shares subject to the Award prior to such adjustment.

(c) **Fractional Shares.** Any adjustment of Shares pursuant to this Section 11 shall be rounded down to the nearest whole number of Shares. Under no circumstances shall the Company be required to authorize or issue fractional shares and no consideration shall be provided as a result of any fractional shares not being issued or authorized.

## **SECTION 12. EFFECT OF A CORPORATE TRANSACTION.**

- (a) Corporate Transaction. In the event that the Company is a party to a Corporate Transaction, outstanding Awards shall be subject to the applicable agreement of merger, reorganization, or sale of assets. Such agreement may provide, without limitation, for the assumption or substitution of outstanding Options, SARs, or Stock Units by the surviving corporation or its parent, for the assumption of outstanding Stock Grant Agreements by the surviving corporation or its parent, for the replacement of outstanding Options, SARs, and Stock Units with a cash incentive program of the surviving corporation which preserves the spread existing on the unvested portions of such outstanding Awards at the time of the transaction and provides for subsequent payout in accordance with the same vesting provisions applicable to those Awards, for accelerated vesting of outstanding Awards, or for the cancellation of outstanding Options, SARs, and Stock Units, with or without consideration, in all cases without the consent of the Participant.
- (b) Acceleration. The Committee may determine, at the time of grant of an Award or thereafter, that such Award shall become fully vested as to all Shares subject to such Award in the event that a Corporate Transaction or a Change in Control occurs. Unless otherwise provided in the applicable Award agreement, in the event that a Corporate Transaction occurs and any outstanding Options, SARs or Stock Units are not assumed, substituted, or replaced with a cash incentive program pursuant to Section 12(a) or any outstanding Stock Grant Agreements are not assumed pursuant to Section 12(a), then such Awards shall fully vest and be fully exercisable immediately prior to such Corporate Transaction. Immediately following the consummation of a Corporate Transaction, all outstanding Options, SARs and Stock Units shall terminate and cease to be outstanding, except to the extent that they are assumed by the surviving corporation or its parent.
- (c) Dissolution. To the extent not previously exercised or settled, Options, SARs and Stock Units shall terminate immediately prior to the dissolution or liquidation of the Company.

## **SECTION 13. LIMITATIONS ON RIGHTS.**

- (a) No Entitlements. A Participant's rights, if any, in respect of or in connection with any Award is derived solely from the discretionary decision of the Company to permit the individual to participate in the Plan and to benefit from a discretionary Award. By accepting an Award under the Plan, a Participant expressly acknowledges that there is no obligation on the part of the Company to continue the Plan and/or grant any additional Awards. Any Award granted hereunder is not intended to be compensation of a continuing or recurring nature, or part of a Participant's normal or expected compensation, and in no way represents any portion of a Participant's salary, compensation, or other remuneration for purposes of pension benefits, severance, redundancy, resignation or any other purpose.

Neither the Plan nor any Award granted under the Plan shall be deemed to give any individual a right to remain an employee, consultant or director of the Company, a Parent, a Subsidiary or an Affiliate. The Company and its Parents and Subsidiaries and Affiliates reserve the right to terminate the Service of any person at any time, and for any reason, subject to applicable laws, the Company's Articles of Incorporation and Bylaws and a written employment agreement (if any), and such terminated person shall be deemed irrevocably to have waived any claim to damages or specific performance for breach of contract or dismissal, compensation for loss of office, tort or otherwise with respect to the Plan or any outstanding Award that is forfeited and/or is terminated by its terms or to any future Award.

- (b) Shareholders' Rights. A Participant shall have no dividend rights, voting rights or other rights as a shareholder with respect to any Shares covered by his or her Award prior to the issuance of such Shares (as evidenced by an appropriate entry on the books of the Company or a duly authorized transfer agent of the Company). No adjustment shall be made for cash dividends or other rights for which the record date is prior to the date when such Shares are issued, except as expressly provided in Section 11.
- (c) Regulatory Requirements. Any other provision of the Plan notwithstanding, the obligation of the Company to issue Shares or other securities under the Plan shall be subject to all applicable laws, rules and regulations and such approval by any regulatory body as may be required. The Company reserves the right to restrict, in whole or in part, the delivery of Shares or other securities pursuant to any Award prior to the satisfaction of all legal requirements relating to the issuance of such Shares or other securities, to their registration, qualification or listing or to an exemption from registration, qualification or listing.



**SECTION 14. WITHHOLDING TAXES.**

- (a) General. A Participant shall make arrangements satisfactory to the Company for the satisfaction of any withholding tax obligations that arise in connection with his or her Award. The Company shall not be required to issue any Shares or make any cash payment under the Plan until such obligations are satisfied.
- (b) Share Withholding. If a public market for the Company's Shares exists, the Committee may permit a Participant to satisfy all or part of his or her withholding or income tax obligations by having the Company withhold all or a portion of any Shares that otherwise would be issued to him or her or by surrendering or attesting to all or a portion of any Shares that he or she previously acquired. Such Shares shall be valued based on the value of the actual trade or, if there is none, the Fair Market Value as of the previous day. Any payment of taxes by assigning Shares to the Company may be subject to restrictions, including, but not limited to, any restrictions required by rules of the SEC. The Committee may, in its discretion, also permit a Participant to satisfy withholding or income tax obligations related to an Award through Cashless Exercise or through a sale of Shares underlying the Award.

**SECTION 15. DURATION AND AMENDMENTS.**

- (a) Term of the Plan. To the extent the Board approves an amendment to the Plan that requires shareholder approval, the amendment to the Plan shall become effective upon its approval by Company shareholders. The Plan shall terminate at the Company's 2030 Annual Meeting of Shareholders and may be terminated on any earlier date pursuant to this Section 15.
- (b) Right to Amend or Terminate the Plan. The Board may amend or terminate the Plan at any time and for any reason. The termination of the Plan, or any amendment thereof, shall not impair the rights or obligations of any Participant under any Award previously granted under the Plan without the Participant's consent, unless such modification is necessary or desirable to comply with any applicable law, regulation or rule. No Awards shall be granted under the Plan after the Plan's termination. An amendment of the Plan shall be subject to the approval of the Company's shareholders only to the extent such approval is otherwise required by applicable laws, regulations or rules.

**CISCO SYSTEMS, INC.**  
**NOTICE OF GRANT OF STOCK OPTION**

Notice is hereby given of the following option grant (the "Option") made to purchase shares of Cisco Systems, Inc. (the "Company") common stock:

Optionee: \_\_\_\_\_  
Grant Date: \_\_\_\_\_  
Type of Option: Nonstatutory Stock Option  
Grant Number: \_\_\_\_\_  
Number of Option Shares: \_\_\_\_\_ shares  
Exercise Price: \$ \_\_\_\_\_ per share  
First Vest Date: \_\_\_\_\_  
Expiration Date: \_\_\_\_\_

**Exercise Schedule.** So long as Optionee's Service continues, the Option shall vest and become exercisable with respect to (i) \_\_\_\_\_ (\_\_\_\_%) of the option shares, as set forth above (the "Option Shares") on the First Vest Date as set forth above and (ii) the balance of the Option Shares in \_\_\_\_\_ installments upon Optionee's completion of each additional \_\_\_\_\_ of Service over the \_\_\_\_\_ period measured from the First Vest Date. In no event shall the Option vest and become exercisable for any additional Option Shares after Optionee's cessation of Service.

Should Optionee request a reduction to his or her work commitment to less than thirty (30) hours per week, then the Company shall have the right to extend the period over which the Option shall thereafter vest and become exercisable for the Option Shares during the remainder of the Option term to the extent permitted under local law. In no event shall any extension of the exercise schedule, as set forth above ("Exercise Schedule") for the Option Shares result in the extension of the expiration date, as set forth above, ("Expiration Date") of the Option.

Optionee understands and agrees that the Option is offered subject to and in accordance with the terms of the Cisco Systems, Inc. 2005 Stock Incentive Plan (the "Plan"). Optionee further agrees to be bound by the terms of the Plan and the terms of the Option as set forth in the Stock Option Agreement (the "Agreement") attached hereto.

**No Employment or Service Contract.** Nothing in this Notice or in the attached Agreement or in the Plan shall confer upon Optionee any right to continue in Service for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Company (or any Parent, Subsidiary or Affiliate employing or retaining Optionee) or of Optionee, which rights are hereby expressly reserved by each, to terminate Optionee's Service at any time for any reason, with or without cause to the extent permissible under local law.

**Definitions.** All capitalized terms in this Notice shall have the meaning assigned to them in this Notice, the attached Agreement or the Plan.

**STOCK OPTION AGREEMENT**

**Recitals**

- A. The Board has adopted the Plan for the purpose of retaining the services of selected Employees, non-employee members of the Board and Consultants.
- B. Optionee is to render valuable services to the Company (or a Parent, Subsidiary or Affiliate), and this Agreement is executed pursuant to, and is intended to carry out the purposes of, the Plan in connection with the Company's grant of an option to Optionee.
- C. All capitalized terms in this Agreement shall have the meaning assigned to them in this Agreement, the attached Notice of Grant of Stock Option (the "Notice"), or the Plan.

**NOW, THEREFORE**, as a condition to and in consideration of the grant, vesting, and exercise of this Option and Optionee's receipt of any Option Shares or any related benefit thereunder, it is hereby agreed as follows:

- 1. **Grant of Option.** The Company hereby grants to Optionee, and Optionee hereby accepts from the Company, as of the grant date, as set forth in the Notice, (the "Grant Date") an option to purchase up to the number of Option Shares specified in the Notice. By accepting (whether in writing, electronically or otherwise) this Option, or by otherwise receiving this Option, Option Shares, or any benefit
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relating thereto, the Optionee acknowledges that this Option and any Option Shares issued hereunder and the Optionee's participation in the Plan are subject to such terms and conditions, and the Optionee agrees to such terms and conditions. The Option Shares shall be purchasable from time to time during the Option term specified in Paragraph 2 at the Exercise Price specified in the Notice.

2. **Option Term.** This Option shall have a maximum term of \_\_\_\_\_ years [not to exceed (10) years] measured from the Grant Date and shall accordingly expire at the close of business on the Expiration Date, unless sooner terminated in accordance with Paragraph 4, 5 or 6.

3. **Non-Transferability.** This Option shall not be anticipated, assigned, attached, garnished, optioned, transferred or made subject to any creditor's process, whether voluntarily or involuntarily or by operation of law. Notwithstanding the foregoing, should the Optionee die while holding this Option, then this Option shall be transferred in accordance with Optionee's will or the laws of descent and distribution.

4. **Dates of Exercise.** This Option shall vest and become exercisable for the Option Shares in one or more installments as specified in the Notice. As the Option becomes exercisable for such installments, those installments shall accumulate and the Option shall remain exercisable for the accumulated installments until the Expiration Date or sooner termination of the Option term under Paragraph 5 or 6. As an administrative matter, the exercisable portion of this Option may only be exercised until the close of the Nasdaq Global Select Market on the Expiration Date or the earlier termination date under Paragraph 5 or 6 or, if such date is not a trading day on the Nasdaq Global Select Market, the last trading day before such date. Any later attempt to exercise this Option will not be honored. For example, if Optionee ceases to remain in Service as provided in Paragraph 5(i) and the date three (3) months from the date of cessation is Monday, July 4 (a holiday on which the Nasdaq Global Select Market is closed), Optionee must exercise the exercisable portion of this Option by 4:00 p.m. Eastern Daylight Time on Friday, July 1.

5. **Cessation of Service.** The Option term specified in Paragraph 2 shall terminate (and this Option shall cease to be outstanding) prior to the Expiration Date should any of the following provisions become applicable:

(i) Should Optionee cease to remain in Service for any reason (other than death, Disability or Cause and whether or not in breach of local labor laws) while this Option is outstanding, then Optionee shall have a period of three (3) months (commencing with the date of such cessation of Service) during which to exercise this Option, but in no event shall this Option be exercisable at any time after the Expiration Date.

(ii) If Optionee dies while this Option is outstanding, then the Optionee's designated beneficiary or, if no beneficiary was designated or properly designated or, if no designated beneficiary survives the Optionee, the Optionee's estate (to the extent reasonably determinable) or other individual or entity entitled to receive the Option under applicable local law shall have the right to exercise this Option. Such right shall lapse, and this Option shall cease to be outstanding, upon the earlier of (A) the expiration of the eighteen (18) month period measured from the date of Optionee's death or (B) the Expiration Date. Optionee may only make a beneficiary designation with respect to this Option if the Company has approved a process or procedure for such beneficiary designation for the local jurisdiction within which Optionee performs services for the Company or a Parent, Subsidiary or Affiliate. If no such beneficiary designation process or procedure has been approved by the Company, then, in the event of Optionee's death, this Option may only be exercised by the Optionee's estate (to the extent reasonably determinable) or other individual or entity entitled to receive the Option under applicable local law.

(iii) Should Optionee cease Service by reason of Disability while this Option is outstanding, then Optionee shall have a period of eighteen (18) months (commencing with the date of such cessation of Service) during which to exercise this Option, but in no event shall this Option be exercisable at any time after the Expiration Date.

(iv) During the limited period of post-Service exercisability, this Option may not be exercised in the aggregate for more than the number of vested Option Shares for which the Option is exercisable at the date the Optionee ceases to actively provide Service (not extended by any notice period mandated under local law). Upon the expiration of such limited exercise period or (if earlier) upon the Expiration Date, this Option shall terminate and cease to be outstanding for any vested Option Shares for which the Option has not been exercised. However, this Option shall, immediately as of the date the Optionee ceases to actively provide Service for any reason, terminate and cease to be outstanding with respect to any Option Shares in which Optionee is not otherwise at that time vested or for which this Option is not otherwise at that time exercisable.

(v) Should Optionee's Service be terminated for Cause or should Optionee otherwise engage in activities constituting Cause while this Option is outstanding, then this Option shall terminate immediately and cease to remain outstanding. In the event Optionee's Service is suspended pending an investigation of whether Optionee's Service will be terminated for Cause, all Optionee's rights under the Option, including the right to exercise the Option, shall be suspended during the investigation period.

(vi) For purposes of this Paragraph 5, in the event of Optionee's cessation of Service for any reason (whether or not later found to be invalid or in breach of the employment laws in the jurisdiction where Optionee is employed or providing Service, or the terms of Optionee's employment or service agreement, if any), Optionee's right to receive additional options or to vest in the Option will end as of the

date the Optionee is no longer actively providing Service and will not be extended by any notice period mandated under local law (e.g., active Service would not include any period of “garden leave” or similar period pursuant to local law); the Company shall have the exclusive discretion to determine when an Optionee is no longer actively providing Service for purposes of this Option.

6. **Special Acceleration of Option**

(a) This Option, to the extent outstanding at the time of a Corporate Transaction but not otherwise fully vested and exercisable, shall automatically accelerate so that this Option shall, immediately prior to the effective date of the Corporate Transaction, become vested and exercisable for all of the Option Shares at the time subject to this Option and may be exercised for any or all of those Option Shares as fully-vested Shares. No such acceleration of this Option, however, shall occur if and to the extent: (i) this Option is, in connection with the Corporate Transaction, either assumed by the successor corporation (or parent thereof) or replaced with a comparable option to purchase shares of the capital stock of the successor corporation (or parent thereof) or (ii) this Option is replaced with a cash incentive program of the successor corporation which preserves the spread existing on the unvested Option Shares at the time of the Corporate Transaction (the excess of the Fair Market Value of those Option Shares over the aggregate Exercise Price payable for such Shares) and provides for subsequent pay-out in accordance with the same Exercise Schedule set forth in the Notice. The determination of option comparability under clause (i) shall be made by the Committee, and such determination shall be final, binding and conclusive.

(b) Immediately following the effective date of the Corporate Transaction, this Option shall terminate and cease to be outstanding, except to the extent assumed by the successor corporation (or parent thereof) in connection with the Corporate Transaction.

(c) If this Option is assumed in connection with a Corporate Transaction, then the Committee shall appropriately adjust the number of shares and the kind of shares or securities covered by the Option and the Exercise Price immediately after such Corporate Transaction, provided the aggregate Exercise Price shall remain the same.

(d) This Agreement shall not in any way affect the right of the Company to adjust, reclassify, reorganize or otherwise change its capital or business structure or to merge, consolidate, dissolve, liquidate or sell or transfer all or any part of its business or assets.

7. **Adjustment in Option Shares**. In the event of a subdivision of the outstanding Shares, a declaration of a dividend payable in Shares, a declaration of a dividend payable in a form other than Shares in an amount that has a material effect on the price of Shares, a combination or consolidation of the outstanding Shares (by reclassification or otherwise) into a lesser number of Shares, a recapitalization, a spin-off or a similar occurrence, appropriate adjustments shall be made to (i) the total number and/or kind of shares or securities subject to this Option and (ii) the Exercise Price in order to reflect such change and thereby preclude a dilution or enlargement of benefits hereunder.

8. **Shareholder Rights**. The holder of this Option shall not have any shareholder rights with respect to the Option Shares until such person shall have exercised the Option, paid the Exercise Price and become a holder of record of the purchased Shares.

9. **Manner of Exercising Option**

(a) In order to exercise this Option with respect to all or any part of the Option Shares for which this Option is at the time exercisable, Optionee (or any other person or persons exercising the Option) must take the following actions:

(i) Pay the aggregate Exercise Price for the purchased Shares in one or more of the following forms:

(A) cash or check which, in the Company’s sole discretion, shall be made payable to a Company-designated brokerage firm or the Company; and

(B) as permitted by applicable law, through a special sale and remittance procedure pursuant to which Optionee (or any other person or persons exercising the Option) shall concurrently provide irrevocable written instructions (I) to a Company-designated brokerage firm (or in the case of an executive officer or Board member of the Company, an Optionee-designated brokerage firm) to effect the immediate sale of the purchased Shares and remit to the Company, out of the sale proceeds available on the settlement date, sufficient funds to cover the aggregate Exercise Price payable for the purchased Shares plus, if applicable, the amount necessary to satisfy any Tax-Related Items (as defined in Paragraph 10 of this Agreement) and (II) to the Company to deliver the purchased Shares directly to such brokerage firm in order to complete the sale transaction.

(ii) Furnish to the Company appropriate documentation that the person or persons exercising the Option (if other than Optionee) have the right to exercise this Option.

(iii) Make appropriate arrangements with the Company (or a Parent, Subsidiary or Affiliate employing or retaining Optionee) for the satisfaction of all withholding or other obligations related to Tax-Related Items applicable to the Option grant, vesting, exercise or the sale of Shares, as applicable.

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(b) As soon as practical after the exercise date, the Company shall issue to or on behalf of Optionee (or any other person or persons exercising this Option) the purchased Option Shares, (as evidenced by an appropriate entry on the books of the Company or a duly authorized transfer agent of the Company), subject to the appropriate legends and/or stop transfer instructions.

(c) In no event may this Option be exercised for any fractional Shares.

(d) Notwithstanding any other provisions of the Plan, this Agreement or any other agreement to the contrary, if at the time this Option is exercised, Optionee is indebted to the Company (or any Parent, Subsidiary or Affiliate) for any reason, the following actions shall be taken, as deemed appropriate by the Committee:

(i) any Shares to be issued upon such exercise shall automatically be pledged against Optionee's outstanding indebtedness; and

(ii) if this Option is exercised in accordance with subparagraph 9(a)(i)(B) above, the after tax proceeds of the sale of Optionee's Shares shall automatically be applied to the outstanding balance of Optionee's indebtedness.

#### 10. **Responsibility for Taxes.**

(a) Regardless of any action taken by the Company or Optionee's employer (the "Employer"), the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to Optionee's participation in the Plan and legally applicable to Optionee ("Tax-Related Items") is and remains Optionee's responsibility. Optionee further acknowledges that the Company and/or the Employer (1) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Option, including the grant, vesting or exercise of the Option, the subsequent sale of Shares acquired pursuant to such exercise and the receipt of any dividends; and (2) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Option to reduce or eliminate Optionee's liability for Tax-Related Items or achieve any particular tax result. Further, if Optionee becomes subject to taxation in more than one jurisdiction, Optionee acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

(b) Prior to any relevant tax, withholding or required deduction event, as applicable, and in order to receive any Shares or other benefit in relation to the Option, Optionee agrees to make arrangements satisfactory to the Company for the satisfaction of any applicable Tax-Related Items of the Company and/or the Employer that arise in connection with the Option. In this regard, Optionee authorizes the Company and/or the Employer, or their respective agents, at their discretion, to satisfy any obligations related to Tax-Related Items by one or a combination of the following: (1) withholding all applicable Tax-Related Items from Optionee's wages or other cash compensation paid to Optionee by the Company and/or the Employer; (2) withholding from proceeds of the sale of Shares acquired upon exercise of the Option either through a voluntary sale (specifically including where this Option is exercised in accordance with subparagraph 9(a)(i)(B) above) or through a mandatory sale arranged by the Company (on Optionee's behalf pursuant to this authorization); or (3) withholding of Shares that would otherwise be issued upon exercise of the Option.

(c) Depending on the withholding method, the Company or Employer may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates, including maximum applicable rates. If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, Optionee is deemed to have been issued the full number of Shares subject to the Option, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items. Optionee agrees to provide the Company and/or its stock plan broker/administrator with the information necessary to manage Optionee's Tax-Related Items withholding and acknowledges that should Optionee fail to provide such information on a timely basis, the Company and/or its stock plan broker/administrator may be obligated to withhold amounts from Optionee and it may be necessary for Optionee to seek a refund directly from the tax authorities.

(d) Finally, Optionee must pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of Optionee's participation in the Plan or Optionee's purchase of Shares that cannot be satisfied by the means previously described. The Company may refuse to honor the exercise and refuse to issue or deliver the Shares or the proceeds of the sale of the Shares if Optionee fails to comply with Optionee's obligations in connection with the Tax-Related Items as described in this Paragraph.

11. **Tax and Legal Advice.** Optionee represents, warrants and acknowledges that neither the Company nor Optionee's Employer have made any warranties or representations to Optionee with respect to any Tax-Related Items, legal or financial consequences of the transactions contemplated by this Agreement, and Optionee is in no manner relying on the Company, the Employer or the Company's or the Employer's representatives for an assessment of such consequences. OPTIONEE UNDERSTANDS THAT THE LAWS GOVERNING THIS OPTION ARE SUBJECT TO CHANGE. OPTIONEE SHOULD CONSULT OPTIONEE'S PROFESSIONAL TAX, LEGAL AND FINANCIAL ADVISOR REGARDING THIS OPTION. OPTIONEE UNDERSTANDS THAT THE COMPANY AND THE EMPLOYER ARE NOT PROVIDING ANY TAX, LEGAL, OR FINANCIAL ADVICE, NOR IS THE COMPANY OR THE EMPLOYER MAKING ANY RECOMMENDATION REGARDING OPTIONEE'S ACCEPTANCE OF

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THIS OPTION. NOTHING STATED HEREIN IS INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, FOR THE PURPOSE OF AVOIDING TAXPAYER OR OTHER PENALTIES.

12. **Compliance with Laws and Regulations.**

(a) The exercise of this Option and the issuance of the Option Shares upon such exercise shall be subject to compliance by the Company and Optionee with all applicable laws, regulations and rules relating thereto, including all applicable regulations of any stock exchange (or the Nasdaq Global Select Market, if applicable) on which the Shares may be listed for trading at the time of such exercise and issuance and all applicable foreign laws.

(b) The inability of the Company to obtain approval from any regulatory body having authority deemed by the Company to be necessary to the lawful issuance and sale of any Shares pursuant to this Option shall relieve the Company of any liability with respect to the non-issuance or sale of the Shares as to which such approval shall not have been obtained.

13. **Successors and Assigns.** Except to the extent otherwise provided in Paragraphs 3, 5 and 6, the provisions of this Agreement shall inure to the benefit of, and be binding upon, the Company and its successors and assigns and Optionee, Optionee's assigns and the legal representatives, heirs and legatees of Optionee's estate.

14. **Notices.** Any notice required or permitted under the terms of this Agreement shall be in writing and shall be deemed sufficient when delivered personally or sent by confirmed email, telegram, or fax or forty-eight (48) hours after being deposited in the mail, as certified or registered mail, with postage prepaid, and addressed to the Company at the Company's principal corporate offices or to the Optionee at the address maintained for the Optionee in the Company's records or, in either case, as subsequently modified by written notice to the other party.

15. **Construction.** The Notice, this Agreement, and the Option evidenced hereby (a) are made and granted pursuant to the Plan and are in all respects limited by and subject to the terms of the Plan, and (b) constitute the entire agreement between Optionee and the Company on the subject matter hereof and supersede all proposals, written or oral, and all other communications between the parties related to the subject matter. All decisions of the Committee with respect to any question or issue arising under the Notice, this Agreement or the Plan shall be conclusive and binding on all persons having an interest in this Option. The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

16. **Governing Law and Forum.** This Agreement shall be governed by and construed in accordance with the laws of the State of California without regard to the conflict of laws principles thereof. For purposes of litigating any dispute that may arise directly or indirectly from this Agreement, the parties hereby submit and consent to litigation in the exclusive jurisdiction of the State of California and agree that any such litigation shall be conducted only in the courts of California or the federal courts for the United States for the Northern District of California and no other courts.

17. **Excess Shares.** If the Option Shares covered by this Agreement exceed, as of the Grant Date, the number of Shares which may without shareholder approval be issued under the Plan, then this Option shall be void with respect to those excess shares, unless shareholder approval of an amendment sufficiently increasing the number of Shares issuable under the Plan is obtained in accordance with the provisions of the Plan and all applicable laws, regulations and rules.

18. **Further Instruments.** The parties agree to execute such further instruments and to take such further action as may be reasonably necessary to carry out the purposes and intent of this Agreement.

19. **Authorization to Release and Transfer Necessary Personal Information.**

*(a) Optionee hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Optionee's personal information as described in this Agreement by and among, as applicable, the Employer, and the Company and its Parent, Subsidiaries and Affiliates for the exclusive purpose of implementing, administering and managing Optionee's participation in the Plan.*

*(b) Optionee understands that the Company and the Employer may hold certain personal information about Optionee, including, but not limited to, Optionee's name, home address and telephone number, date of birth, social insurance number (or any other social or national identification number), salary, nationality, job title, residency status, any Shares or directorships held in the Company, details of all options or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding (the "Data") for the purpose of implementing, administering and managing the Optionee's participation in the Plan. Optionee understands that Data may be transferred to the Company or any of its Parent, Subsidiaries or Affiliates, or to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in Optionee's country or elsewhere, including outside the European Economic Area, and that the recipient's country (e.g., the United States) may have different data privacy laws and protections than Optionee's country. Optionee understands that Optionee may request a list with the names and addresses of any potential recipients of*

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*the Data by contacting Optionee's local human resources representative. Optionee authorizes the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purposes of implementing, administering and managing Optionee's participation in the Plan, including any requisite transfer of such Data to a broker or other third party assisting with the administration of the Option under the Plan or with whom Shares acquired pursuant to these Options or cash from the sale of such Shares may be deposited. Furthermore, Optionee acknowledges and understands that the transfer of the Data to the Company or any of its Parent, Subsidiaries or Affiliates, or to any third parties is necessary for Optionee's participation in the Plan.*

*(c) Optionee understands that Data will be held only as long as is necessary to implement, administer and manage Optionee's participation in the Plan. Optionee understands that Optionee may, at any time, view the Data, request additional information about the storage and processing of the Data, require any necessary amendments to the Data or refuse or withdraw the consents herein by contacting Optionee's local human resources representative in writing. Further, Optionee understands that he or she is providing the consents herein on a purely voluntary basis. If Optionee does not consent, or if Optionee later seeks to revoke consent, Optionee's employment status or service and career with the Employer will not be affected; the only consequence of refusing or withdrawing Optionee's consent is that the Company would not be able to grant Options or other equity awards, or administer or maintain such awards. Optionee further acknowledges that withdrawal of consent may affect Optionee's ability to vest in or realize benefits from the Options, and Optionee's ability to participate in the Plan. For more information on the consequences of Optionee's refusal to consent or withdrawal of consent, Optionee understands that Optionee may contact Optionee's local human resources representative.*

*(d) The collection, use and transfer of Data for the purpose of implementing, administering and managing Optionee's participation in the Plan is conducted in accordance with the Company's Global HR Data Protection Policy.*

20. **No Entitlement or Claims for Compensation.** As a condition to, and in consideration of, the grant, vesting, and exercise of this Option, and in receiving the Option, Option Shares, or any benefit relating to the Option, Optionee acknowledges and agrees that:

(a) Optionee's rights, if any, in respect of or in connection with this Option or any other Award are derived solely from the discretionary decision of the Company to permit Optionee to participate in the Plan and to benefit from a discretionary Award. The Plan may be amended, suspended or terminated by the Company at any time, unless otherwise provided in the Plan and this Agreement. By accepting this Option, Optionee expressly acknowledges that there is no obligation on the part of the Company to continue the Plan and/or grant any additional Awards to Optionee or benefits in lieu of Options or any other Awards even if Options have been granted repeatedly in the past. All decisions with respect to future Option grants, if any, will be at the sole discretion of the Committee.

(b) This Option and the Shares subject to the Option are not intended to replace any pension rights or compensation and are not to be considered compensation of a continuing or recurring nature, or part of Optionee's normal or expected compensation, and in no way represent any portion of Optionee's salary, compensation or other remuneration for any purpose, including but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments, and in no event should be considered as compensation for, or relating in any way to, past services for the Company, the Employer or any Parent, Subsidiary or Affiliate. The value of the Option and the Shares subject to the Option are an extraordinary item that do not constitute compensation of any kind for services of any kind rendered to the Company, the Employer or any Parent, Subsidiary or Affiliate and which are outside the scope of Optionee's written employment agreement (if any).

(c) Optionee is voluntarily participating in the Plan.

(d) Neither the Plan nor this Option or any other Award granted under the Plan shall be deemed to give Optionee a right to remain an Employee, Consultant or director of the Company, a Parent, Subsidiary or an Affiliate. The Employer reserves the right to terminate the Service of Optionee at any time, with or without cause, and for any reason.

(e) The grant of the Option and Optionee's participation in the Plan will not be interpreted to form an employment contract or relationship with the Company, the Employer or any Parent, Subsidiary or Affiliate.

(f) The future value of the underlying Shares is unknown and cannot be predicted with certainty. If the underlying Shares do not increase in value, the Option will have no value. If Optionee exercises the Option and obtains Shares, the value of the Shares acquired upon exercise may increase or decrease in value, even below the Exercise Price. Optionee also understands that neither the Company, nor the Employer or any Parent, Subsidiary or Affiliate is responsible for any foreign exchange fluctuation between the Employer's local currency and the United States Dollar that may affect the value of this Option.

(g) In consideration of the grant of the Option, no claim or entitlement to compensation or damages shall arise from forfeiture of the Option resulting from termination of Optionee's Service by the Company or the Employer (for any reason whatsoever and whether or not in breach of local labor laws).

(h) The Company may require Options granted hereunder be exercised with, and the Option Shares held by, a broker

designated by the Company.

(i) Optionee's rights hereunder (if any) shall be subject to set-off by the Company for any valid debts the Optionee owes to the Company.

(j) The Option and the benefits under the Plan, if any, will not automatically transfer to another company in the case of a merger, take-over or transfer of liability.

21. **Severability.** If any provision of this Agreement is held to be unenforceable for any reason, it shall be adjusted rather than voided, if possible, in order to achieve the intent of the parties to the extent possible. In any event, all other provisions of this Agreement shall be deemed valid and enforceable to the full extent possible.

22. **Waiver.** Optionee agrees that a waiver by the Company of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by Optionee or any other participant.

23. **Electronic Delivery.** The Company may, in its sole discretion, decide to deliver any documents related to Optionee's current or future participation in the Plan by electronic means or to request Optionee's consent to participate in the Plan by electronic means. Optionee hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

24. **Language.** If this Agreement or any other document related to the Plan is translated into a language other than English and the meaning of the translated version is different from the English version, the English version will take precedence.

25. **Appendix.** Notwithstanding any provisions in this Agreement, the Option shall be subject to any special terms and conditions set forth in any Appendix to this Agreement for Optionee's country of residence. Moreover, if Optionee relocates to one of the countries included in the Appendix, the special terms and conditions for such country will apply to Optionee, to the extent the Company determines that the application of such terms and conditions is necessary or advisable in order to comply with local law or facilitate the administration of the Plan. The Appendix constitutes part of this Agreement.

26. **Committee Policies.** The Option shall be subject to any applicable special terms and conditions set forth in any applicable policy (and any amendments thereto) that the Committee (or a designee of the Committee) has adopted or will adopt in the future, including, but not limited to, any policy related to the vesting or transfer of equity awards.

27. **Imposition of Other Requirements.** The Company reserves the right to impose other requirements on Optionee's participation in the Plan, on the Option and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable in order to comply with local law or facilitate the administration of the Plan. Optionee agrees to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing. Furthermore, Optionee acknowledges that the laws of the country in which Optionee is working at the time of grant, vesting and exercise of the Option or the sale of Shares received pursuant to this Agreement (including any rules or regulations governing securities, foreign exchange, tax, labor, or other matters) may subject Optionee to additional procedural or regulatory requirements that Optionee is and will be solely responsible for and must fulfill.

28. **Acceptance of Agreement.** You may accept this Award either by (a) clicking on the "*I agree*" button below at any time before the First Vest Date or (b) doing nothing and your Award will be automatically accepted on your behalf on the First Vest Date.

\* \* \* \*

By accepting your Award in accordance with Section 28 of this Agreement, you agree to be bound by the terms and conditions of this Agreement.

**PLEASE PRINT AND KEEP A COPY FOR YOUR RECORDS**

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**CISCO SYSTEMS, INC.  
STOCK GRANT AGREEMENT**

This Stock Grant Agreement (the "Agreement") is made and entered into as of the Grant Date (as defined below) by and between Cisco Systems, Inc., a \_\_\_\_\_ corporation (the "Company"), and you pursuant to the Cisco Systems, Inc. 2005 Stock Incentive Plan (the "Plan"). The material terms of this Stock Grant Award are as follows:

Employee ID: \_\_\_\_\_

Grant Date: \_\_\_\_\_

Grant Number: \_\_\_\_\_

Restricted Shares: \_\_\_\_\_

First Vest Date: \_\_\_\_\_, 20\_\_\_\_\_

To the extent any capitalized terms used in this Agreement are not defined, they shall have the meaning ascribed to them in the Plan. In the event of a conflict between the terms and provisions of the Plan and the terms and provisions of this Agreement, the Plan terms and provisions shall prevail.

In consideration of the mutual agreements herein contained and intending to be legally bound hereby, and as a condition to and in consideration of the grant, vesting, and settlement of the Stock Grant and your receipt of any Shares or any related benefit thereunder, the parties agree as follows:

1. **Restricted Shares.** Pursuant to the Plan, the Company hereby transfers to you, and you hereby accept from the Company, a Stock Grant Award consisting of the Restricted Shares, on the terms and conditions set forth herein and in the Plan. By accepting (whether in writing, electronically or otherwise) the Stock Grant, or by otherwise receiving the Stock Grant, Shares, or any benefit relating thereto, you acknowledge that the Stock Grant and any Shares issued thereunder and your participation in the Plan are subject to such terms and conditions, and you agree to such terms and conditions.

2. **Vesting of Restricted Shares.** So long as your Service continues, the Restricted Shares shall vest in accordance with the following schedule: [\_\_\_\_\_] , unless otherwise provided by the Plan or Section 3 below. In the event of the termination of your Service for any reason, all unvested Restricted Shares shall be immediately forfeited without consideration. For purposes of facilitating the enforcement of the provisions of this Section 2, the Company may issue stop-transfer instructions on the Restricted Shares to the Company's transfer agent, or otherwise hold the Restricted Shares in escrow, until the Restricted Shares have vested and you have satisfied all applicable obligations with respect to the Restricted Shares, including any applicable tax withholding obligations set forth in Section 5 below. Any new, substituted or additional securities or other property which is issued or distributed with respect to the unvested Restricted Shares shall be subject to the same terms and conditions as are applicable to the unvested Restricted Shares under this Agreement and the Plan.

3. **Special Acceleration.**

(a) To the extent the Restricted Shares are outstanding at the time of a Corporate Transaction, but not otherwise fully vested, such Restricted Shares shall automatically accelerate immediately prior to the effective date of the Corporate Transaction and shall become vested in full at that time. No such acceleration, however, shall occur if and to the extent: (i) this Stock Grant Agreement is, in connection with the Corporate Transaction, assumed by the successor corporation (or parent thereof), or (ii) the Restricted Shares are replaced with a cash incentive program of the successor corporation which preserves the Fair Market Value of the Restricted Shares at the time of the Corporate Transaction and provides for subsequent pay-out in accordance with the vesting schedule set forth in Section 2 above.

(b) Immediately following the effective date of the Corporate Transaction, this Stock Grant Agreement shall terminate and cease to be outstanding, except to the extent assumed by the successor corporation (or parent thereof) in connection with the Corporate Transaction.

(c) If this Stock Grant Agreement is assumed in connection with a Corporate Transaction, then the Committee shall appropriately adjust the number of shares and the kind of shares or securities covered by this Stock Grant Agreement immediately after such Corporate Transaction.

(d) This Stock Grant Agreement shall not in any way affect the right of the Company to adjust, reclassify, reorganize or otherwise change its capital or business structure or to merge, consolidate, dissolve, liquidate, sell or transfer all or any part of its business or assets.

4. **Restriction on Election to Recognize Income in the Year of Grant.** Under Section 83 of the Code, the Fair Market Value of the Restricted Shares on the date the Restricted Shares vest will be taxable as ordinary income at that time. You understand, acknowledge and agree that, as a condition to the grant of this Award, you may not elect to be taxed at the time the Restricted Shares are acquired by filing an election under Section 83(b) of the Code with the Internal Revenue Service.

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5. **Withholding Taxes.** In order to receive any Shares or other benefit in relation to the Stock Grant, you agree to make arrangements satisfactory to the Company for the satisfaction of any applicable withholding tax obligations that arise in connection with the Restricted Shares which, at the sole discretion of the Company, may include (i) having the Company withhold Shares from the Restricted Shares held in escrow, or (ii) any other arrangement approved by the Company, in any case, equal in value to the amount necessary to satisfy any such withholding tax obligation. Such Shares shall be valued based on the Fair Market Value as of the day prior to the date that the amount of tax to be withheld is to be determined under applicable law. The Company shall not be required to release the Restricted Shares from the stop-transfer instructions or escrow unless and until such obligations are satisfied.

6. **Tax Advice.** You represent, warrant and acknowledge that the Company has made no warranties or representations to you with respect to the income tax consequences of the transactions contemplated by this Agreement, and you are in no manner relying on the Company or the Company's representatives for an assessment of such tax consequences. YOU UNDERSTAND THAT THE TAX LAWS AND REGULATIONS ARE SUBJECT TO CHANGE. YOU SHOULD CONSULT YOUR OWN TAX ADVISOR REGARDING ANY STOCK GRANT AWARD. NOTHING STATED HEREIN IS INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, FOR THE PURPOSE OF AVOIDING TAXPAYER PENALTIES.

7. **Non-Transferability of Restricted Shares.** Restricted Shares which have not vested pursuant to Section 2 above shall not be anticipated, assigned, attached, garnished, optioned, transferred or made subject to any creditor's process, whether voluntarily or involuntarily or by the operation of law. However, this Section 7 shall not preclude you from designating a beneficiary who will receive any vested Restricted Shares in the event of your death, nor shall it preclude a transfer of vested Restricted Shares by will or by the laws of descent and distribution.

8. **Restriction on Transfer.** Regardless of whether the transfer or issuance of the Restricted Shares has been registered under the Securities Act or has been registered or qualified under the securities laws of any state, the Company may impose additional restrictions upon the sale, pledge, or other transfer of the Restricted Shares (including the placement of appropriate legends on stock certificates and the issuance of stop-transfer instructions to the Company's transfer agent) if, in the judgment of the Company and the Company's counsel, such restrictions are necessary in order to achieve compliance with the provisions of the Securities Act, the securities laws of any state, or any other law.

9. **Stock Certificate Restrictive Legends.** Stock certificates evidencing the Restricted Shares may bear such restrictive legends as the Company and the Company's counsel deem necessary under applicable law or pursuant to this Agreement.

10. **Representations, Warranties, Covenants, and Acknowledgments.** You hereby agree that in the event the Company and the Company's counsel deem it necessary or advisable in the exercise of their discretion, the transfer or issuance of the Restricted Shares may be conditioned upon you making certain representations, warranties, and acknowledgments relating to compliance with applicable securities laws.

11. **Voting, Dividend and Other Rights.** Subject to the terms of this Agreement, you shall have all the rights and privileges of a shareholder of the Company while the Restricted Shares are subject to stop-transfer instructions, or otherwise held in escrow, including the right to vote. To the extent any Restricted Shares have not vested pursuant to Section 2 above, no dividends or other distributions shall be accrued, paid or distributed to you.

12. **Authorization to Release and Transfer Necessary Personal Information.**

(a) *You hereby explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of your personal information as described in this Agreement by and among, as applicable, the Employer, and the Company and its Parent, Subsidiaries and Affiliates for the exclusive purpose of implementing, administering and managing your participation in the Plan.*

(b) *You understand that the Company and the Employer may hold certain personal information about you, including, but not limited to, your name, home address and telephone number, date of birth, social insurance number (or any other social or national identification number), salary, nationality, job title, residency status, any Shares or directorships held in the Company, details of all Awards or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding (the "Data") for the purpose of implementing, administering and managing your participation in the Plan. You understand that the Data may be transferred to the Company or any of its Parent, Subsidiaries or Affiliates, or to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in your country or elsewhere, including outside the European Economic Area, and that the recipient's country (e.g., the United States) may have different data privacy laws and protections than your country. You understand that you may request a list with the names and addresses of any potential recipients of the Data by contacting your local human resources representative. You authorize the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purposes of implementing, administering and managing your participation in the Plan, including any requisite transfer of such Data to a broker or other third party assisting with the administration of this Stock Grant Award under the Plan or with whom Shares acquired pursuant to this Stock Grant Award or cash from the sale of such Shares may be deposited. Furthermore, you acknowledge and understand that the transfer of the Data to the Company or any of its Parent, Subsidiaries or Affiliates, or to any third parties is necessary for your participation in the Plan.*

(c) *You understand that the Data will be held only as long as is necessary to implement, administer and manage your participation in the Plan. You understand that you may, at any time, view the Data, request additional information about the storage and processing of the Data, require any necessary amendments to the Data or refuse or withdraw the consents herein by contacting your local human resources representative in writing. Further, you understand that you are providing the consents herein on a purely voluntary basis. If you do not consent, or if you later seek to revoke your consent, your employment status or service and career with the Employer will not be adversely affected; the only adverse consequence of refusing or withdrawing your consent is that the Company would not be able*

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*to grant you this Stock Grant Award or other equity awards, or administer or maintain such awards. You further acknowledge that withdrawal of consent may affect your ability to vest in or realize benefits from this Stock Grant Award and your ability to participate in the Plan. For more information on the consequences of your refusal to consent or withdrawal of consent, you understand that you may contact your local human resources representative.*

(d) **The collection, use and transfer of Data for the purpose of implementing, administering and managing your participation in the Plan is conducted in accordance with the Company's Global HR Data Protection Policy.**

13. **No Entitlement or Claims for Compensation.** As a condition to, and in consideration of, the grant, vesting, and settlement of the Stock Grant, and in receiving the Stock Grant, Shares, or any benefit relating to the Stock Grant, you acknowledge and agree that:

(a) Your rights, if any, in respect of or in connection with this Stock Grant Award or any other Award is derived solely from the discretionary decision of the Company to permit you to participate in the Plan and to benefit from a discretionary Award. By accepting this Stock Grant Award, you expressly acknowledge that there is no obligation on the part of the Company to continue the Plan and/or grant any additional Awards to you. This Stock Grant Award is not intended to be compensation of a continuing or recurring nature, or part of your normal or expected compensation, and in no way represents any portion of your salary, compensation, or other remuneration for purposes of pension benefits, severance, redundancy, resignation or any other purpose.

(b) Neither the Plan nor this Stock Grant Award or any other Award granted under the Plan shall be deemed to give you a right to remain an Employee, Consultant or director of the Company, a Parent, a Subsidiary or an Affiliate. The Company and its Parents and Subsidiaries and Affiliates reserve the right to terminate your Service at any time, with or without cause, and for any reason, subject to applicable laws, the Company's Articles of Incorporation and Bylaws and a written employment agreement (if any), and you shall be deemed irrevocably to have waived any claim to damages or specific performance for breach of contract or dismissal, compensation for loss of office, tort or otherwise with respect to the Plan, this Stock Grant Award or any outstanding Award that is forfeited and/or is terminated by its terms or to any future Award.

(c) You agree that the Company may require that Restricted Shares be held by a broker designated by the Company. In addition, you agree that your rights hereunder shall be subject to set-off by the Company for any valid debts you owe the Company.

14. **Governing Law and Forum.** This Agreement shall be governed by and construed in accordance with the laws of the State of California without regard to the conflict of laws principles thereof. For purposes of litigating any dispute that may arise directly or indirectly from this Agreement, the parties hereby submit and consent to litigation in the exclusive jurisdiction of the State of California and agree that any such litigation shall be conducted only in the courts of California or the federal courts for the United States for the Northern District of California and no other courts.

15. **Notices.** Any notice required or permitted under the terms of this Agreement shall be in writing and shall be deemed sufficient when delivered personally or sent by confirmed email, telegram, or fax or forty-eight (48) hours after being deposited in the U.S. mail, as certified or registered mail, with postage prepaid, and addressed to the Company at the Company's principal corporate offices or to you at the address maintained for you in the Company's records or, in either case, as subsequently modified by written notice to the other party.

16. **Binding Effect.** Subject to the limitations set forth in this Agreement, this Agreement shall be binding upon, and inure to the benefit of, the executors, administrators, heirs, legal representatives, successors, and assigns of the parties hereto.

17. **Severability.** If any provision of this Agreement is held to be unenforceable for any reason, it shall be adjusted rather than voided, if possible, in order to achieve the intent of the parties to the extent possible. In any event, all other provisions of this Agreement shall be deemed valid and enforceable to the full extent possible.

18. **Waiver.** You agree that a waiver by the Company of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by you or any other participant.

19. **Electronic Delivery.** The Company may, in its sole discretion, decide to deliver any documents related to your current or future participation in the Plan by electronic means or to request your consent to participate in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

20. **Committee Policies.** This Stock Grant shall be subject to any special terms and conditions set forth in any applicable policy (and any amendments thereto) that the Committee (or a designee of the Committee) has adopted or will adopt in the future, including, but not limited to, any policy related to the vesting or transfer of equity awards.

21. **Acceptance of Agreement.** You may accept this Award either by (a) clicking on the "**I agree**" button below at any time before the First Vest Date or (b) doing nothing and your Award will be automatically accepted on your behalf on your behalf on the First Vest Date.

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By accepting your Award in accordance with Section 21 of this Agreement, you agree to be bound by the terms and conditions of this Agreement.

**PLEASE PRINT AND KEEP A COPY FOR YOUR RECORDS**

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**CISCO SYSTEMS, INC.  
STOCK GRANT AGREEMENT**

This Stock Grant Agreement (the "Agreement") is made and entered into as of the Grant Date (as defined below) by and between Cisco Systems, Inc., a California corporation (the "Company"), and you pursuant to the Cisco Systems, Inc. 2005 Stock Incentive Plan (the "Plan"). The material terms of this Stock Grant Award are as follows:

Employee ID: \_\_\_\_\_  
Grant Date: \_\_\_\_\_  
Grant Number: \_\_\_\_\_  
Restricted Shares: \_\_\_\_\_  
First Vest Date: \_\_\_\_\_, 20\_\_\_\_\_

To the extent any capitalized terms used in this Agreement are not defined, they shall have the meaning ascribed to them in the Plan. In the event of a conflict between the terms and provisions of the Plan and the terms and provisions of this Agreement, the Plan terms and provisions shall prevail.

In consideration of the mutual agreements herein contained and intending to be legally bound hereby, and as a condition to and in consideration of the grant, vesting, and settlement of the Stock Grant and your receipt of any Shares or any related benefit thereunder, the parties agree as follows:

1. **Restricted Shares**. Pursuant to the Plan, the Company hereby transfers to you, and you hereby accept from the Company, a Stock Grant Award consisting of the Restricted Shares, on the terms and conditions set forth herein and in the Plan. By accepting (whether in writing, electronically or otherwise) the Stock Grant, or by otherwise receiving the Stock Grant, Shares, or any benefit relating thereto, you acknowledge that the Stock Grant and any Shares issued thereunder and your participation in the Plan are subject to such terms and conditions, and you agree to such terms and conditions.

2. **Vesting of Restricted Shares**. So long as your Service continues, the Restricted Shares shall vest in accordance with the following schedule: \_\_\_\_\_ percent (\_\_\_\_%) of the total number of Restricted Shares issued pursuant to this Agreement shall vest on the First Vest Date and on each annual anniversary thereafter, unless otherwise provided by the Plan or Section 3 below. In the event of the termination of your Service for any reason, all unvested Restricted Shares shall be immediately forfeited without consideration. For purposes of facilitating the enforcement of the provisions of this Section 2, the Company may issue stop-transfer instructions on the Restricted Shares to the Company's transfer agent, or otherwise hold the Restricted Shares in escrow, until the Restricted Shares have vested and you have satisfied all applicable obligations with respect to the Restricted Shares, including any applicable tax withholding obligations set forth in Section 5 below. Any new, substituted or additional securities or other property which is issued or distributed with respect to the unvested Restricted Shares shall be subject to the same terms and conditions as are applicable to the unvested Restricted Shares under this Agreement and the Plan.

3. **Special Acceleration**.

(a) To the extent the Restricted Shares are outstanding at the time of a Corporate Transaction, but not otherwise fully vested, such Restricted Shares shall automatically accelerate immediately prior to the effective date of the Corporate Transaction and shall become vested in full at that time. No such acceleration, however, shall occur if and to the extent: (i) this Stock Grant Agreement is, in connection with the Corporate Transaction, assumed by the successor corporation (or parent thereof), or (ii) the Restricted Shares are replaced with a cash incentive program of the successor corporation which preserves the Fair Market Value of the Restricted Shares at the time of the Corporate Transaction and provides for subsequent pay-out in accordance with the vesting schedule set forth in Section 2 above.

(b) Immediately following the effective date of the Corporate Transaction, this Stock Grant Agreement shall terminate and cease to be outstanding, except to the extent assumed by the successor corporation (or parent thereof) in connection with the Corporate Transaction.

(c) If this Stock Grant Agreement is assumed in connection with a Corporate Transaction, then the Committee shall appropriately adjust the number of shares and the kind of shares or securities covered by this Stock Grant Agreement immediately after such Corporate Transaction.

(d) This Stock Grant Agreement shall not in any way affect the right of the Company to adjust, reclassify, reorganize or otherwise change its capital or business structure or to merge, consolidate, dissolve, liquidate, sell or transfer all or any part of its business or assets.

4. **Restriction on Election to Recognize Income in the Year of Grant**. Under Section 83 of the Code, the Fair Market Value of the Restricted Shares on the date the Restricted Shares vest will be taxable as ordinary income at that time. You understand, acknowledge

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and agree that, as a condition to the grant of this Award, you may not elect to be taxed at the time the Restricted Shares are acquired by filing an election under Section 83(b) of the Code with the Internal Revenue Service.

5. **Withholding Taxes.** In order to receive any Shares or other benefit in relation to the Stock Grant, you agree to make arrangements satisfactory to the Company for the satisfaction of any applicable withholding tax obligations that arise in connection with the Restricted Shares which, at the sole discretion of the Company, may include (i) having the Company withhold Shares from the Restricted Shares held in escrow, or (ii) any other arrangement approved by the Company, in any case, equal in value to the amount necessary to satisfy any such withholding tax obligation. Such Shares shall be valued based on the Fair Market Value as of the day prior to the date that the amount of tax to be withheld is to be determined under applicable law. The Company shall not be required to release the Restricted Shares from the stop-transfer instructions or escrow unless and until such obligations are satisfied.

6. **Tax Advice.** You represent, warrant and acknowledge that the Company has made no warranties or representations to you with respect to the income tax consequences of the transactions contemplated by this Agreement, and you are in no manner relying on the Company or the Company's representatives for an assessment of such tax consequences. YOU UNDERSTAND THAT THE TAX LAWS AND REGULATIONS ARE SUBJECT TO CHANGE. YOU SHOULD CONSULT YOUR OWN TAX ADVISOR REGARDING ANY STOCK GRANT AWARD. NOTHING STATED HEREIN IS INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, FOR THE PURPOSE OF AVOIDING TAXPAYER PENALTIES.

7. **Non-Transferability of Restricted Shares.** Restricted Shares which have not vested pursuant to Section 2 above shall not be anticipated, assigned, attached, garnished, optioned, transferred or made subject to any creditor's process, whether voluntarily or involuntarily or by the operation of law. However, this Section 7 shall not preclude you from designating a beneficiary who will receive any vested Restricted Shares in the event of your death, nor shall it preclude a transfer of vested Restricted Shares by will or by the laws of descent and distribution.

8. **Restriction on Transfer.** Regardless of whether the transfer or issuance of the Restricted Shares has been registered under the Securities Act or has been registered or qualified under the securities laws of any state, the Company may impose additional restrictions upon the sale, pledge, or other transfer of the Restricted Shares (including the placement of appropriate legends on stock certificates and the issuance of stop-transfer instructions to the Company's transfer agent) if, in the judgment of the Company and the Company's counsel, such restrictions are necessary in order to achieve compliance with the provisions of the Securities Act, the securities laws of any state, or any other law.

9. **Stock Certificate Restrictive Legends.** Stock certificates evidencing the Restricted Shares may bear such restrictive legends as the Company and the Company's counsel deem necessary under applicable law or pursuant to this Agreement.

10. **Representations, Warranties, Covenants, and Acknowledgments.** You hereby agree that in the event the Company and the Company's counsel deem it necessary or advisable in the exercise of their discretion, the transfer or issuance of the Restricted Shares may be conditioned upon you making certain representations, warranties, and acknowledgments relating to compliance with applicable securities laws.

11. **Voting and Other Rights.** Subject to the terms of this Agreement, you shall have all the rights and privileges of a shareholder of the Company while the Restricted Shares are subject to stop-transfer instructions, or otherwise held in escrow, including the right to vote and to receive dividends (if any).

12. **Authorization to Release and Transfer Necessary Personal Information.**

(a) *You hereby explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of your personal information as described in this Agreement by and among, as applicable, the Employer, and the Company and its Parent, Subsidiaries and Affiliates for the exclusive purpose of implementing, administering and managing your participation in the Plan.*

(b) *You understand that the Company and the Employer may hold certain personal information about you, including, but not limited to, your name, home address and telephone number, date of birth, social insurance number (or any other social or national identification number), salary, nationality, job title, residency status, any Shares or directorships held in the Company, details of all Awards or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding (the "Data") for the purpose of implementing, administering and managing your participation in the Plan. You understand that the Data may be transferred to the Company or any of its Parent, Subsidiaries or Affiliates, or to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in your country or elsewhere, including outside the European Economic Area, and that the recipient's country (e.g., the United States) may have different data privacy laws and protections than your country. You understand that you may request a list with the names and addresses of any potential recipients of the Data by contacting your local human resources representative. You authorize the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purposes of implementing, administering and managing your participation in the Plan, including any requisite transfer of such Data to a broker or other third party assisting with the administration of this Stock Grant Award under the Plan or with whom Shares acquired pursuant to this Stock Grant Award or cash from the sale of such Shares may be deposited. Furthermore, you acknowledge and understand that the transfer of the Data to the Company or any of its Parent, Subsidiaries or Affiliates, or to any third parties is necessary for your participation in the Plan.*

(c) *You understand that the Data will be held only as long as is necessary to implement, administer and manage your participation in the Plan. You understand that you may, at any time, view the Data, request additional information about the storage and processing of the Data, require any necessary amendments to the Data or refuse or withdraw the consents herein by contacting your local human resources representative in writing. Further, you understand that you are providing the consents herein on a purely voluntary basis. If you do not consent, or if you later seek to revoke your consent, your employment status or service and career with the Employer*

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*will not be adversely affected; the only adverse consequence of refusing or withdrawing your consent is that the Company would not be able to grant you this Stock Grant Award or other equity awards, or administer or maintain such awards. You further acknowledge that withdrawal of consent may affect your ability to vest in or realize benefits from this Stock Grant Award and your ability to participate in the Plan. For more information on the consequences of your refusal to consent or withdrawal of consent, you understand that you may contact your local human resources representative.*

(d) **The collection, use and transfer of Data for the purpose of implementing, administering and managing your participation in the Plan is conducted in accordance with the Company's Global HR Data Protection Policy.**

13. **No Entitlement or Claims for Compensation.** As a condition to, and in consideration of, the grant, vesting, and settlement of the Stock Grant, and in receiving the Stock Grant, Shares, or any benefit relating to the Stock Grant, you acknowledge and agree that:

(a) Your rights, if any, in respect of or in connection with this Stock Grant Award or any other Award is derived solely from the discretionary decision of the Company to permit you to participate in the Plan and to benefit from a discretionary Award. By accepting this Stock Grant Award, you expressly acknowledge that there is no obligation on the part of the Company to continue the Plan and/or grant any additional Awards to you. This Stock Grant Award is not intended to be compensation of a continuing or recurring nature, or part of your normal or expected compensation, and in no way represents any portion of your salary, compensation, or other remuneration for purposes of pension benefits, severance, redundancy, resignation or any other purpose.

(b) Neither the Plan nor this Stock Grant Award or any other Award granted under the Plan shall be deemed to give you a right to remain an Employee, Consultant or director of the Company, a Parent, a Subsidiary or an Affiliate. The Company and its Parents and Subsidiaries and Affiliates reserve the right to terminate your Service at any time, with or without cause, and for any reason, subject to applicable laws, the Company's Articles of Incorporation and Bylaws and a written employment agreement (if any), and you shall be deemed irrevocably to have waived any claim to damages or specific performance for breach of contract or dismissal, compensation for loss of office, tort or otherwise with respect to the Plan, this Stock Grant Award or any outstanding Award that is forfeited and/or is terminated by its terms or to any future Award.

(c) You agree that the Company may require that Restricted Shares be held by a broker designated by the Company. In addition, you agree that your rights hereunder shall be subject to set-off by the Company for any valid debts you owe the Company.

14. **Governing Law and Forum.** This Agreement shall be governed by and construed in accordance with the laws of the State of California without regard to the conflict of laws principles thereof. For purposes of litigating any dispute that may arise directly or indirectly from this Agreement, the parties hereby submit and consent to litigation in the exclusive jurisdiction of the State of California and agree that any such litigation shall be conducted only in the courts of California or the federal courts for the United States for the Northern District of California and no other courts.

15. **Notices.** Any notice required or permitted under the terms of this Agreement shall be in writing and shall be deemed sufficient when delivered personally or sent by confirmed email, telegram, or fax or forty-eight (48) hours after being deposited in the U.S. mail, as certified or registered mail, with postage prepaid, and addressed to the Company at the Company's principal corporate offices or to you at the address maintained for you in the Company's records or, in either case, as subsequently modified by written notice to the other party.

16. **Binding Effect.** Subject to the limitations set forth in this Agreement, this Agreement shall be binding upon, and inure to the benefit of, the executors, administrators, heirs, legal representatives, successors, and assigns of the parties hereto.

17. **Severability.** If any provision of this Agreement is held to be unenforceable for any reason, it shall be adjusted rather than voided, if possible, in order to achieve the intent of the parties to the extent possible. In any event, all other provisions of this Agreement shall be deemed valid and enforceable to the full extent possible.

18. **Waiver.** You agree that a waiver by the Company of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by you or any other participant.

19. **Electronic Delivery.** The Company may, in its sole discretion, decide to deliver any documents related to your current or future participation in the Plan by electronic means or to request your consent to participate in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

20. **Committee Policies.** This Stock Grant shall be subject to any special terms and conditions set forth in any applicable policy (and any amendments thereto) that the Committee (or a designee of the Committee) has adopted or will adopt in the future, including, but not limited to, any policy related to the vesting or transfer of equity awards.

21. **Acceptance of Agreement.** You may accept this Award either by (a) clicking on the "*I agree*" button below at any time before the First Vest Date or (b) doing nothing and your Award will be automatically accepted on your behalf on the First Vest Date.

\* \* \* \*

By accepting your Award in accordance with Section 21 of this Agreement, you agree to be bound by the terms and conditions of this Agreement.

**PLEASE PRINT AND KEEP A COPY FOR YOUR RECORDS**

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**CISCO SYSTEMS, INC.**  
**STOCK GRANT AGREEMENT**

This Stock Grant Agreement (the "Agreement") is made and entered into as of the Grant Date (as defined below) by and between Cisco Systems, Inc., a California corporation (the "Company"), and you pursuant to the Cisco Systems, Inc. 2005 Stock Incentive Plan (the "Plan"). The material terms of this Stock Grant Award are as follows:

Employee ID: \_\_\_\_\_  
Grant Date: \_\_\_\_\_  
Grant Number: \_\_\_\_\_  
Restricted Shares: \_\_\_\_\_  
First Vest Date: \_\_\_\_\_, 20\_\_\_\_ (the first annual anniversary of the vesting commencement date)

To the extent any capitalized terms used in this Agreement are not defined, they shall have the meaning ascribed to them in the Plan. In the event of a conflict between the terms and provisions of the Plan and the terms and provisions of this Agreement, the Plan terms and provisions shall prevail.

In consideration of the mutual agreements herein contained and intending to be legally bound hereby, the parties agree as follows:

1. **Restricted Shares.** Pursuant to the Plan, the Company hereby transfers to you, and you hereby accept from the Company, a Stock Grant Award consisting of the Restricted Shares, on the terms and conditions set forth herein and in the Plan.
2. **Vesting of Restricted Shares.** So long as your Service continues, the Restricted Shares shall vest in accordance with the following schedule: \_\_\_\_\_ percent (\_\_\_\_%) of the total number of Restricted Shares issued pursuant to this Agreement shall vest on the First Vest Date and on each annual anniversary thereafter, unless otherwise provided by the Plan or Section 3 below. In the event of the termination of your Service for any reason, all unvested Restricted Shares shall be immediately forfeited without consideration. For purposes of facilitating the enforcement of the provisions of this Section 2, the Company may issue stop-transfer instructions on the Restricted Shares to the Company's transfer agent, or otherwise hold the Restricted Shares in escrow, until the Restricted Shares have vested and you have satisfied all applicable obligations with respect to the Restricted Shares, including any applicable tax withholding obligations set forth in Section 5 below. Any new, substituted or additional securities or other property which is issued or distributed with respect to the unvested Restricted Shares shall be subject to the same terms and conditions as are applicable to the unvested Restricted Shares under this Agreement and the Plan.
3. **Special Acceleration.**
  - (a) To the extent the Restricted Shares are outstanding at the time of a Corporate Transaction, but not otherwise fully vested, such Restricted Shares shall automatically accelerate immediately prior to the effective date of the Corporate Transaction and shall become vested in full at that time. No such acceleration, however, shall occur if and to the extent: (i) this Stock Grant Agreement is, in connection with the Corporate Transaction, assumed by the successor corporation (or parent thereof), or (ii) the Restricted Shares are replaced with a cash incentive program of the successor corporation which preserves the Fair Market Value of the Restricted Shares at the time of the Corporate Transaction and provides for subsequent pay-out in accordance with the vesting schedule set forth in Section 2 above.
  - (b) Immediately following the effective date of the Corporate Transaction, this Stock Grant Agreement shall terminate and cease to be outstanding, except to the extent assumed by the successor corporation (or parent thereof) in connection with the Corporate Transaction.
  - (c) If this Stock Grant Agreement is assumed in connection with a Corporate Transaction, then the Committee shall appropriately adjust the number of shares and the kind of shares or securities covered by this Stock Grant Agreement immediately after such Corporate Transaction.
  - (d) This Stock Grant Agreement shall not in any way affect the right of the Company to adjust, reclassify, reorganize or otherwise change its capital or business structure or to merge, consolidate, dissolve, liquidate, sell or transfer all or any part of its business or assets.
4. **Restriction on Election to Recognize Income in the Year of Grant.** Under Section 83 of the Code, the Fair Market Value of the Restricted Shares on the date the Restricted Shares vest will be taxable as ordinary income at that time. You understand, acknowledge and agree that, as a condition to the grant of this Award, you may not elect to be taxed at the time the Restricted Shares are acquired by filing an election under Section 83(b) of the Code with the Internal Revenue Service.

5. **Withholding Taxes.** You agree to make arrangements satisfactory to the Company for the satisfaction of any applicable withholding tax obligations that arise in connection with the Restricted Shares which, at the sole discretion of the Company, may include (i) having the Company withhold Shares from the Restricted Shares held in escrow, or (ii) any other arrangement approved by the Company, in any case, equal in value to the amount necessary to satisfy any such withholding tax obligation. Such Shares shall be valued based on the Fair Market Value as of the day prior to the date that the amount of tax to be withheld is to be determined under applicable law. The Company shall not be required to release the Restricted Shares from the stop-transfer instructions or escrow unless and until such obligations are satisfied.

6. **Tax Advice.** You represent, warrant and acknowledge that the Company has made no warranties or representations to you with respect to the income tax consequences of the transactions contemplated by this Agreement, and you are in no manner relying on the Company or the Company's representatives for an assessment of such tax consequences. YOU UNDERSTAND THAT THE TAX LAWS AND REGULATIONS ARE SUBJECT TO CHANGE. YOU SHOULD CONSULT YOUR OWN TAX ADVISOR REGARDING ANY STOCK GRANT AWARD. NOTHING STATED HEREIN IS INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, FOR THE PURPOSE OF AVOIDING TAXPAYER PENALTIES.

7. **Non-Transferability of Restricted Shares.** Restricted Shares which have not vested pursuant to Section 2 above shall not be anticipated, assigned, attached, garnished, optioned, transferred or made subject to any creditor's process, whether voluntarily or involuntarily or by the operation of law. However, this Section 7 shall not preclude you from designating a beneficiary who will receive any vested Restricted Shares in the event of the your death, nor shall it preclude a transfer of vested Restricted Shares by will or by the laws of descent and distribution.

8. **Restriction on Transfer.** Regardless of whether the transfer or issuance of the Restricted Shares has been registered under the Securities Act or has been registered or qualified under the securities laws of any state, the Company may impose additional restrictions upon the sale, pledge, or other transfer of the Restricted Shares (including the placement of appropriate legends on stock certificates and the issuance of stop-transfer instructions to the Company's transfer agent) if, in the judgment of the Company and the Company's counsel, such restrictions are necessary in order to achieve compliance with the provisions of the Securities Act, the securities laws of any state, or any other law.

9. **Stock Certificate Restrictive Legends.** Stock certificates evidencing the Restricted Shares may bear such restrictive legends as the Company and the Company's counsel deem necessary under applicable law or pursuant to this Agreement.

10. **Representations, Warranties, Covenants, and Acknowledgments.** You hereby agree that in the event the Company and the Company's counsel deem it necessary or advisable in the exercise of their discretion, the transfer or issuance of the Restricted Shares may be conditioned upon you making certain representations, warranties, and acknowledgments relating to compliance with applicable securities laws.

11. **Voting and Other Rights.** Subject to the terms of this Agreement, you shall have all the rights and privileges of a shareholder of the Company while the Restricted Shares are subject to stop-transfer instructions, or otherwise held in escrow, including the right to vote and to receive dividends (if any).

12. **Authorization to Release Necessary Personal Information.**

(a) You hereby authorize and direct your employer to collect, use and transfer in electronic or other form, any personal information (the "Data") regarding your employment, the nature and amount of your compensation and the facts and conditions of your participation in the Plan (including, but not limited to, your name, home address, telephone number, date of birth, social security number (or any other social or national identification number), salary, nationality, job title, number of Shares held and the details of all Awards or any other entitlement to Shares awarded, cancelled, exercised, vested, unvested or outstanding) for the purpose of implementing, administering and managing your participation in the Plan. You understand that the Data may be transferred to the Company or any of its Subsidiaries, or to any third parties assisting in the implementation, administration and management of the Plan, including any requisite transfer to a broker or other third party assisting with the administration of this Stock Grant Award under the Plan or with whom Shares acquired pursuant to this Stock Grant Award or cash from the sale of such shares may be deposited. You acknowledge that recipients of the Data may be located in different countries, and those countries may have data privacy laws and protections different from those in the country of your residence. Furthermore, you acknowledge and understand that the transfer of the Data to the Company or any of its Subsidiaries, or to any third parties is necessary for your participation in the Plan.

(b) You may at any time withdraw the consents herein by contacting your local human resources representative in writing. You further acknowledge that withdrawal of consent may affect your ability to exercise or realize benefits from this Stock Grant Award, and your ability to participate in the Plan.

13. **No Entitlement or Claims for Compensation.**

(a) Your rights, if any, in respect of or in connection with this Stock Grant Award or any other Award is derived solely from the discretionary decision of the Company to permit you to participate in the Plan and to benefit from a discretionary Award. By accepting this Stock Grant Award, you expressly acknowledge that there is no obligation on the part of the Company to continue the Plan and/or grant any additional Awards to you. This Stock Grant Award is not intended to be compensation of a continuing or recurring nature, or part of your normal or expected compensation, and in no way represents any portion of a your salary, compensation, or other remuneration for purposes of pension benefits, severance, redundancy, resignation or any other purpose.

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(b) Neither the Plan nor this Stock Grant Award or any other Award granted under the Plan shall be deemed to give you a right to remain an Employee, Consultant or director of the Company, a Parent, a Subsidiary or an Affiliate. The Company and its Parents and Subsidiaries and Affiliates reserve the right to terminate your Service at any time, with or without cause, and for any reason, subject to applicable laws, the Company's Articles of Incorporation and Bylaws and a written employment agreement (if any), and you shall be deemed irrevocably to have waived any claim to damages or specific performance for breach of contract or dismissal, compensation for loss of office, tort or otherwise with respect to the Plan, this Stock Grant Award or any outstanding Award that is forfeited and/or is terminated by its terms or to any future Award.

(c) You agree that the Company may require that Restricted Shares be held by a broker designated by the Company. In addition, you agree that your rights hereunder shall be subject to set-off by the Company for any valid debts you owe the Company.

14. **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of California without regard to the conflict of laws principles thereof.

15. **Notices.** Any notice required or permitted under the terms of this Agreement shall be in writing and shall be deemed sufficient when delivered personally or sent by confirmed email, telegram, or fax or forty-eight (48) hours after being deposited in the U.S. mail, as certified or registered mail, with postage prepaid, and addressed to the Company at the Company's principal corporate offices or to you at the address maintained for you in the Company's records or, in either case, as subsequently modified by written notice to the other party.

16. **Binding Effect.** Subject to the limitations set forth in this Agreement, this Agreement shall be binding upon, and inure to the benefit of, the executors, administrators, heirs, legal representatives, successors, and assigns of the parties hereto.

17. **Severability.** If any provision of this Agreement is held to be unenforceable for any reason, it shall be adjusted rather than voided, if possible, in order to achieve the intent of the parties to the extent possible. In any event, all other provisions of this Agreement shall be deemed valid and enforceable to the full extent possible.

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**CISCO SYSTEMS, INC.**  
**STOCK GRANT AGREEMENT**

This Stock Grant Agreement (the "Agreement") is made and entered into as of the Grant Date (as defined below) by and between Cisco Systems, Inc., a California corporation (the "Company"), and you pursuant to the Cisco Systems, Inc. 2005 Stock Incentive Plan (the "Plan"). The material terms of this Stock Grant Award are as follows:

Employee ID: \_\_\_\_\_

Grant Date: \_\_\_\_\_

Grant Number: \_\_\_\_\_

Restricted Shares: \_\_\_\_\_

First Vest Date: \_\_\_\_\_, 20\_\_\_\_ (the first annual anniversary of the vesting commencement date)

To the extent any capitalized terms used in this Agreement are not defined, they shall have the meaning ascribed to them in the Plan. In the event of a conflict between the terms and provisions of the Plan and the terms and provisions of this Agreement, the Plan terms and provisions shall prevail.

In consideration of the mutual agreements herein contained and intending to be legally bound hereby, the parties agree as follows:

**1. Restricted Shares.** Pursuant to the Plan, the Company hereby transfers to you, and you hereby accept from the Company, a Stock Grant Award consisting of the Restricted Shares, on the terms and conditions set forth herein and in the Plan.

**2. Vesting of Restricted Shares.** So long as your Service continues, the Restricted Shares shall vest in accordance with the following schedule: \_\_\_\_\_ percent ( \_\_\_\_ %) of the total number of Restricted Shares issued pursuant to this Agreement shall vest on the First Vest Date and on each annual anniversary thereafter, unless otherwise provided by the Plan or Section 3 below. In the event of the termination of your Service for any reason, all unvested Restricted Shares shall be immediately forfeited without consideration. For purposes of facilitating the enforcement of the provisions of this Section 2, the Company may issue stop-transfer instructions on the Restricted Shares to the Company's transfer agent, or otherwise hold the Restricted Shares in escrow, until the Restricted Shares have vested and you have satisfied all applicable obligations with respect to the Restricted Shares, including any applicable tax withholding obligations set forth in Section 5 below. Any new, substituted or additional securities or other property which is issued or distributed with respect to the unvested Restricted Shares shall be subject to the same terms and conditions as are applicable to the unvested Restricted Shares under this Agreement and the Plan.

**3. Special Acceleration.**

(a) To the extent the Restricted Shares are outstanding at the time of a Corporate Transaction, but not otherwise fully vested, such Restricted Shares shall automatically accelerate immediately prior to the effective date of the Corporate Transaction and shall become vested in full at that time. No such acceleration, however, shall occur if and to the extent: (i) this Stock Grant Agreement is, in connection with the Corporate Transaction, assumed by the successor corporation (or parent thereof), or (ii) the Restricted Shares are replaced with a cash incentive program of the successor corporation which preserves the Fair Market Value of the Restricted Shares at the time of the Corporate Transaction and provides for subsequent pay-out in accordance with the vesting schedule set forth in Section 2 above.

(b) Immediately following the effective date of the Corporate Transaction, this Stock Grant Agreement shall terminate and cease to be outstanding, except to the extent assumed by the successor corporation (or parent thereof) in connection with the Corporate Transaction.

(c) If this Stock Grant Agreement is assumed in connection with a Corporate Transaction, then the Committee shall appropriately adjust the number of shares and the kind of shares or securities covered by this Stock Grant Agreement immediately after such Corporate Transaction.

(d) To the extent the Restricted Shares are outstanding at the time of a Change in Control but not otherwise fully vested, such Restricted Shares shall automatically accelerate immediately prior to the effective date of the Change in Control and shall become vested in full at that time.

(e) This Stock Grant Agreement shall not in any way affect the right of the Company to adjust, reclassify, reorganize or otherwise change its capital or business structure or to merge, consolidate, dissolve, liquidate, sell or transfer all or any part of its business or assets.

**4. Restriction on Election to Recognize Income in the Year of Grant.** Under Section 83 of the Code, the Fair Market Value of the Restricted Shares on the date the Restricted Shares vest will be taxable as ordinary income at that time. You understand, acknowledge and agree that, as a condition to the grant of this Award, you may not elect to be taxed at the time the Restricted Shares are acquired by filing an election under Section 83(b) of the Code with the Internal Revenue Service.

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**5. Withholding Taxes.** You agree to make arrangements satisfactory to the Company for the satisfaction of any applicable withholding tax obligations that arise in connection with the Restricted Shares which, at the sole discretion of the Company, may include (i) having the Company withhold Shares from the Restricted Shares held in escrow, or (ii) any other arrangement approved by the Company, in any case, equal in value to the amount necessary to satisfy any such withholding tax obligation. Such Shares shall be valued based on the Fair Market Value as of the day prior to the date that the amount of tax to be withheld is to be determined under applicable law. The Company shall not be required to release the Restricted Shares from the stop-transfer instructions or escrow unless and until such obligations are satisfied.

**6. Tax Advice.** You represent, warrant and acknowledge that the Company has made no warranties or representations to you with respect to the income tax consequences of the transactions contemplated by this Agreement, and you are in no manner relying on the Company or the Company's representatives for an assessment of such tax consequences.

YOU UNDERSTAND THAT THE TAX LAWS AND REGULATIONS ARE SUBJECT TO CHANGE. YOU SHOULD CONSULT YOUR OWN TAX ADVISOR REGARDING ANY STOCK GRANT AWARD. NOTHING STATED HEREIN IS INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, FOR THE PURPOSE OF AVOIDING TAXPAYER PENALTIES.

**7. Non-Transferability of Restricted Shares.** Restricted Shares which have not vested pursuant to Section 2 above shall not be anticipated, assigned, attached, garnished, optioned, transferred or made subject to any creditor's process, whether voluntarily or involuntarily or by the operation of law. However, this Section 7 shall not preclude you from designating a beneficiary who will receive any vested Restricted Shares in the event of the your death, nor shall it preclude a transfer of vested Restricted Shares by will or by the laws of descent and distribution.

**8. Restriction on Transfer.** Regardless of whether the transfer or issuance of the Restricted Shares has been registered under the Securities Act or has been registered or qualified under the securities laws of any state, the Company may impose additional restrictions upon the sale, pledge, or other transfer of the Restricted Shares (including the placement of appropriate legends on stock certificates and the issuance of stop-transfer instructions to the Company's transfer agent) if, in the judgment of the Company and the Company's counsel, such restrictions are necessary in order to achieve compliance with the provisions of the Securities Act, the securities laws of any state, or any other law.

**9. Stock Certificate Restrictive Legends.** Stock certificates evidencing the Restricted Shares may bear such restrictive legends as the Company and the Company's counsel deem necessary under applicable law or pursuant to this Agreement.

**10. Representations, Warranties, Covenants, and Acknowledgments.** You hereby agree that in the event the Company and the Company's counsel deem it necessary or advisable in the exercise of their discretion, the transfer or issuance of the Restricted Shares may be conditioned upon you making certain representations, warranties, and acknowledgments relating to compliance with applicable securities laws.

**11. Voting and Other Rights.** Subject to the terms of this Agreement, you shall have all the rights and privileges of a shareholder of the Company while the Restricted Shares are subject to stop-transfer instructions, or otherwise held in escrow, including the right to vote and to receive dividends (if any).

**12. Authorization to Release Necessary Personal Information.**

(a) You hereby authorize and direct your employer to collect, use and transfer in electronic or other form, any personal information (the "Data") regarding your employment, the nature and amount of your compensation and the facts and conditions of your participation in the Plan (including, but not limited to, your name, home address, telephone number, date of birth, social security number (or any other social or national identification number), salary, nationality, job title, number of Shares held and the details of all Awards or any other entitlement to Shares awarded, cancelled, exercised, vested, unvested or outstanding) for the purpose of implementing, administering and managing your participation in the Plan. You understand that the Data may be transferred to the Company or any of its Subsidiaries, or to any third parties assisting in the implementation, administration and management of the Plan, including any requisite transfer to a broker or other third party assisting with the administration of this Stock Grant Award under the Plan or with whom Shares acquired pursuant to this Stock Grant Award or cash from the sale of such shares may be deposited. You acknowledge that recipients of the Data may be located in different countries, and those countries may have data privacy laws and protections different from those in the country of your residence. Furthermore, you acknowledge and understand that the transfer of the Data to the Company or any of its Subsidiaries, or to any third parties is necessary for your participation in the Plan.

(b) You may at any time withdraw the consents herein by contacting your local human resources representative in writing. You further acknowledge that withdrawal of consent may affect your ability to exercise or realize benefits from this Stock Grant Award, and your ability to participate in the Plan.

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**13. No Entitlement or Claims for Compensation.**

(a) Your rights, if any, in respect of or in connection with this Stock Grant Award or any other Award is derived solely from the discretionary decision of the Company to permit you to participate in the Plan and to benefit from a discretionary Award. By accepting this Stock Grant Award, you expressly acknowledge that there is no obligation on the part of the Company to continue the Plan and/or grant any additional Awards to you. This Stock Grant Award is not intended to be compensation of a continuing or recurring nature, or part of your normal or expected compensation, and in no way represents any portion of a your salary, compensation, or other remuneration for purposes of pension benefits, severance, redundancy, resignation or any other purpose.

(b) Neither the Plan nor this Stock Grant Award or any other Award granted under the Plan shall be deemed to give you a right to remain an Employee, Consultant or director of the Company, a Parent, a Subsidiary or an Affiliate. The Company and its Parents and Subsidiaries and Affiliates reserve the right to terminate your Service at any time, with or without cause, and for any reason, subject to applicable laws, the Company's Articles of Incorporation and Bylaws and a written employment agreement (if any), and you shall be deemed irrevocably to have waived any claim to damages or specific performance for breach of contract or dismissal, compensation for loss of office, tort or otherwise with respect to the Plan, this Stock Grant Award or any outstanding Award that is forfeited and/or is terminated by its terms or to any future Award.

(c) You agree that the Company may require that Restricted Shares be held by a broker designated by the Company. In addition, you agree that your rights hereunder shall be subject to set-off by the Company for any valid debts you owe the Company.

**14. Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of California without regard to the conflict of laws principles thereof.

**15. Notices.** Any notice required or permitted under the terms of this Agreement shall be in writing and shall be deemed sufficient when delivered personally or sent by confirmed email, telegram, or fax or forty-eight (48) hours after being deposited in the U.S. mail, as certified or registered mail, with postage prepaid, and addressed to the Company at the Company's principal corporate offices or to you at the address maintained for you in the Company's records or, in either case, as subsequently modified by written notice to the other party.

**16. Binding Effect.** Subject to the limitations set forth in this Agreement, this Agreement shall be binding upon, and inure to the benefit of, the executors, administrators, heirs, legal representatives, successors, and assigns of the parties hereto.

**17. Severability.** If any provision of this Agreement is held to be unenforceable for any reason, it shall be adjusted rather than voided, if possible, in order to achieve the intent of the parties to the extent possible. In any event, all other provisions of this Agreement shall be deemed valid and enforceable to the full extent possible.

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**CISCO SYSTEMS, INC.**  
**PERFORMANCE-BASED STOCK UNIT AGREEMENT**

This Performance-Based Stock Unit Agreement (the "Agreement") is made and entered into as of the Grant Date (as defined below) by and between Cisco Systems, Inc., a \_\_\_\_\_ corporation (the "Company"), and you pursuant to the Cisco Systems, Inc. 2005 Stock Incentive Plan (the "Plan"). The material terms of this Stock Unit Award are as follows:

Employee ID: \_\_\_\_\_  
Grant Date: \_\_\_\_\_  
Grant Number: \_\_\_\_\_  
Target Amount of Performance-Based Stock Units: \_\_\_\_\_  
Vest Date: \_\_\_\_\_

To the extent any capitalized terms used in this Agreement are not defined, they shall have the meaning ascribed to them in the Plan. In the event of a conflict between the terms and provisions of the Plan and the terms and provisions of this Agreement, the Plan terms and provisions shall prevail.

In consideration of the mutual agreements herein contained and intending to be legally bound hereby, and as a condition to and in consideration of the grant, vesting, and settlement of the Performance-Based Stock Units and your receipt of any Shares or any related benefit thereunder, the parties agree as follows:

1. **Performance-Based Stock Units.** Pursuant to the Plan, the Company hereby grants to you and you hereby accept from the Company, Performance-Based Stock Units, each of which is a bookkeeping entry representing the equivalent in value of one (1) Share, on the terms and conditions set forth herein and in the Plan. By accepting (whether in writing, electronically or otherwise) the Performance-Based Stock Units, or by otherwise receiving the Performance-Based Stock Units, Shares, or any benefit relating thereto, you acknowledge that the Performance-Based Stock Units and any Shares issued thereunder and your participation in the Plan are subject to such terms and conditions, and you agree to such terms and conditions. The Target Amount of Performance-Based Stock Units stated above reflects the target number of Performance-Based Stock Units (the "Target Amount"). The number of Performance-Based Stock Units ultimately paid out to you will range from \_\_\_\_% to \_\_\_\_% of the Target Amount as determined (i) based upon the Company's performance during the performance period against the performance goals as set forth in the Committee's resolutions, dated \_\_\_\_\_ (the "Performance Goals") and (ii) by the basic formula contained in the attached Exhibit A. In accordance therewith, the Committee has the right, in its sole discretion and for any reason, to reduce or eliminate the number of Performance-Based Stock Units that would otherwise be payable hereunder pursuant to the immediately preceding sentence.

2. **Vesting of Performance-Based Stock Units.** So long as your Service continues and subject to, and to the extent of, the satisfaction of the Performance Goals, the Performance-Based Stock Units shall vest in accordance with the following schedule: \_\_\_\_\_ (\_\_\_\_%) of the total number of Performance-Based Stock Units earned, if any, pursuant to the satisfaction of the Performance Goals shall vest on the Vest Date, unless otherwise provided by the Plan or Sections 3(b) or 4 below. If you take a leave of absence, the Company may, at its discretion and to the extent permitted under applicable local law, either suspend vesting during the period of leave or pro-rate the Performance-Based Stock Units, notwithstanding the Company's Vesting Policy for Leaves of Absence.

3. **Termination of Service.**

(a) Except as otherwise provided in Section 3(b) below or Section 4, in the event of the termination of your Service for any reason (whether or not in breach of local labor laws), all unvested Performance-Based Stock Units shall be immediately forfeited without consideration. For purposes of the preceding sentence, your right to vest in the Performance-Based Stock Units will terminate effective as of the date that you are no longer actively providing Service (or earlier upon your "Separation from Service" within the meaning of Code Section 409A) and will not be extended by any notice period mandated under local law (e.g., active Service would not include a period of "garden leave" or similar period pursuant to local law); the Company shall have the exclusive discretion to determine when you are no longer actively providing Service for purposes of the Performance-Based Stock Units.

(b) In the event that you resign or your Service is terminated for any reason other than Cause on or after the date that (x) you have attained at least \_\_\_\_ (\_\_\_\_) years of age and (y) your age plus your years of Service is at least equal to \_\_\_\_\_ (\_\_\_\_), and so long as such resignation or the termination of your Service occurs no earlier than the \_\_\_\_\_ anniversary of the Grant Date (the satisfaction of

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the aforementioned conditions is referred to herein as “Retirement<sup>1</sup>”), all unvested Performance-Based Stock Units may be earned pursuant to the satisfaction of the Performance Goals, and shall vest in accordance with the vesting schedule set forth in Section 2 above, determined as if your Service had continued after your resignation or termination of Service, and shall be settled in accordance with Section 5(a); provided that any unsettled or unvested Performance-Based Stock Units shall be forfeited without consideration immediately upon the breach of any of the following conditions:

(i) Unless prohibited by applicable law, you shall render, as an independent advisor or consultant and not as an Employee, such advisory or consulting services to the Company (or any Parent, Subsidiary or Affiliate) as shall reasonably be requested by the Company (or any Parent, Subsidiary or Affiliate), and such services shall not be terminated for Cause (for purposes of clarity, any request to provide such advisory or consulting services to the Company (or any Parent, Subsidiary or Affiliate) shall not be considered a continuation of “Service” unless the Company specifically provides that the continuation of services is a continuation of “Service” for purposes of this Section 3(b)).

(ii) For a period of \_\_\_\_ ( ) year beginning on the date of your termination of Service or during any period in which you provide independent advisory or consulting services to the Company (or any Parent, Subsidiary or Affiliate), you shall not directly or indirectly, individually or on behalf of other persons or entities, intentionally solicit or induce (a) any employee of the Company (or any Parent, Subsidiary or Affiliate) to leave the employee’s employment in order to accept employment with another person or entity or (b) any customer of the Company (or any Parent, Subsidiary or Affiliate) with whom you have worked in your capacity as an Employee prior to your termination of Service whose identity and/or any related information constitutes protected trade secrets (with such customers determined as of the date of the termination of your Service, to retain or use any other person or entity for the purpose of rendering services in competition with the Company (or any Parent, Subsidiary or Affiliate) or to purchase products from any business which, in the opinion of the Company (or any Parent, Subsidiary or Affiliate), competes with or is in conflict with the interests of the Company (or any Parent, Subsidiary or Affiliate), in either case, unless these restrictions are prohibited (whether in whole or in part) by applicable law.

(iii) For a period of \_\_\_\_ ( ) year beginning on the date of your termination of Service or during any period in which you provide independent advisory or consulting services to the Company (or any Parent, Subsidiary or Affiliate), you shall not render services for any organization or engage directly or indirectly in any business which, in the opinion of the Company, competes with or is in conflict with the interests of the Company (or any Parent, Subsidiary or Affiliate), unless this restriction is prohibited by applicable law.

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<sup>1</sup> If you are subject to the employment protections of a country within the European Economic Area because you reside in such country or are otherwise subject thereto, “Retirement” shall mean your years of Service is at least equal to \_\_\_\_ ( ), regardless of your age, and the provisions concerning Retirement shall apply to you so long as the termination of your Service occurs no earlier than the one-year anniversary of the Grant Date. In all cases, years of Service shall be determined based on the date you originally provided Service. If you previously terminated Service, but subsequently returned to Service prior to the Grant Date, you will receive credit for your prior Service.

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(iv) You shall not, without prior written authorization from the Company, use or disclose any confidential information or trade secrets concerning the Company (or any Parent, Subsidiary or Affiliate), in each case as determined by the Committee, and the Committee's determination shall be conclusive and binding.

(c) Notwithstanding any provisions to the contrary in this Agreement, in the event of the termination of your Service for Cause or in the event of the termination for Cause of any independent advisory or consulting services you may be providing as described in Section 3(b)(i), any unsettled or unvested Performance-Based Stock Units shall terminate and be forfeited immediately without consideration.

#### 4. **Special Acceleration**

(a) To the extent the Performance-Based Stock Units are outstanding at the time of a Corporate Transaction, such Performance-Based Stock Units shall automatically become vested in full at the Target Amount immediately prior to the effective date of the Corporate Transaction and settled in accordance with Section 5 below. No such accelerated vesting, however, shall occur if and to the extent: (i) these Performance-Based Stock Units are, in connection with the Corporate Transaction, either assumed by the successor corporation (or parent thereof) or replaced with comparable performance-based stock units of the successor corporation (or parent thereof), in each case, having a minimum payout equal to the Target Amount and preserving the settlement provisions set forth in Section 5 below or (ii) these Performance-Based Stock Units are replaced with a cash incentive program of the successor corporation which complies with Code Section 409A and, at a minimum, preserves the fair market value of the Performance-Based Stock Units at the time of the Corporate Transaction (based on the Target Amount) and provides for subsequent pay-out in accordance with the settlement provisions set forth in Section 5 below. The determination of the comparability of performance-based stock units under clause (i) shall be made by the Committee, and such determination shall be final, binding and conclusive.

(b) Immediately following the effective date of the Corporate Transaction, this Agreement shall terminate and cease to be outstanding, except as set forth in Section 5 below with respect to the settlement of Performance-Based Stock Units or to the extent assumed by the successor corporation (or parent thereof) in connection with the Corporate Transaction.

(c) If this Agreement is assumed in connection with a Corporate Transaction, then the Committee shall appropriately adjust the number of units and the kind of shares or securities to be issued pursuant to this Agreement immediately after such Corporate Transaction.

(d) This Agreement shall not in any way affect the right of the Company to adjust, reclassify, reorganize or otherwise change its capital or business structure or to merge, consolidate, dissolve, liquidate, sell or transfer all or any part of its business or assets.

#### 5. **Settlement of Performance-Based Stock Units**

(a) **General Settlement Terms.** The Performance-Based Stock Units, to the extent earned and vested hereunder (including, without limitation by reason of Retirement), shall be automatically settled in Shares on the Vest Date (which constitutes a fixed payment date for purposes of Code Section 409A) or, if earlier, upon the earliest to occur of the settlement events set forth below or in the Company's Vesting Acceleration Policy for Death and Terminal Illness; it being understood that nothing herein shall limit the Company's ability to amend or terminate such policy in its sole discretion and without your consent.

(b) **Corporate Transaction.** If, as of the Grant Date, you have not satisfied and it is not possible for you to satisfy the age and Service Retirement conditions with respect to this Performance-Based Stock Unit award and this Performance-Based Stock Unit award is not assumed or replaced as described in Section 4(a) in connection with a Corporate Transaction, then the Performance-Based Stock Units shall be automatically settled in Shares immediately prior to the effective date of the Corporate Transaction instead of on the Vest Date.

(c) The Company shall have no obligation to issue Shares pursuant to this Agreement unless and until you have satisfied any applicable tax and/or other obligations pursuant to Section 6 below and such issuance otherwise complies with all applicable law.

(d) Notwithstanding anything in this Section 5 or in this Agreement, to the extent your Performance-Based Stock Units would otherwise be settled upon your Separation from Service, such settlement shall instead occur upon the Company's first business day following the six-month anniversary of your Separation from Service.

(e) Prior to the time that the Performance-Based Stock Units are settled, you shall have no rights other than those of a general creditor of the Company. The Performance-Based Stock Units represent an unfunded and unsecured obligation of the Company.

#### 6. **Taxes**

(a) Regardless of any action the Company or your employer (the "Employer") takes with respect to any and all income tax, social taxes or insurance contributions, payroll tax, payment on account or other tax-related items related to your participation in the Plan and legally applicable to you ("Tax-Related Items"), and as a condition to and in consideration of the grant, vesting, and settlement of the

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Performance-Based Stock Units, you acknowledge that the ultimate liability for all Tax-Related Items with respect to the Performance-Based Stock Units is and remains your responsibility and may exceed the amount, if any, actually withheld by the Company or the Employer. You further acknowledge that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Performance-Based Stock Units, including the grant, vesting or settlement of the Performance-Based Stock Units, or the subsequent sale of any Shares acquired at vesting or the receipt of any dividends with respect to such Shares; and (ii) do not commit to and are under no obligation to structure the terms or any aspect of the Performance-Based Stock Units to reduce or eliminate your liability for Tax-Related Items or achieve any particular tax result. Further, if you become subject to taxation in more than one jurisdiction between the Grant Date and the date of any relevant taxable event, you acknowledge that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

(b) Prior to any relevant tax, withholding or required deduction event, as applicable, and in order to receive any Shares or other benefit in relation to the Performance-Based Stock Units, you agree to make arrangements satisfactory to the Company for the satisfaction of any applicable tax, withholding, required deduction and payment on account of any obligations of the Company and/or the Employer that arise in connection with the Performance-Based Stock Units. In this regard, you authorize the Company and/or the Employer, or their respective agents, at their discretion, to satisfy any obligations related to Tax-Related Items by one or a combination of the following: (1) withholding from your wages or other cash compensation payable to you by the Company or the Employer; (2) withholding from proceeds of the sale of Shares acquired upon settlement of the Performance-Based Stock Units either through a voluntary sale or through a mandatory sale arranged by the Company (on your behalf pursuant to this authorization); (3) withholding of Shares that would otherwise be issued upon settlement of the Performance-Based Stock Units; or (4) requiring you to satisfy the liability for Tax-Related Items by means of any other arrangement approved by the Company.

(c) If the obligation for Tax-Related Items is satisfied by withholding Shares, for tax purposes, you are deemed to have been issued the full number of Shares subject to the vested Performance-Based Stock Units, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items due as a result of any aspect of your participation in the Plan. You agree to provide the Company and/or its stock plan broker/administrator with the information necessary to manage your Tax-Related Items withholding and acknowledge that should you fail to provide such information on a timely basis, the Company and/or its stock plan broker/administrator may be obligated to withhold amounts from you and it may be necessary for you to seek a refund directly from the tax authorities. Depending on the withholding method, the Company or Employer may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates, including maximum applicable rates.

(d) Finally, you will pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of your participation in the Plan or your acquisition of Shares that cannot be satisfied by the means previously described. The Company shall not be required to issue or deliver Shares pursuant to this Agreement unless and until such obligations are satisfied.

7. **Tax and Legal Advice.** You represent, warrant and acknowledge that neither the Company nor your Employer have made any warranties or representations to you with respect to any Tax-Related Items, legal or financial consequences of the transactions contemplated by this Agreement, and you are in no manner relying on the Company, your Employer or the Company's or the Employer's representatives for an assessment of such consequences. YOU UNDERSTAND THAT THE LAWS GOVERNING THIS AWARD ARE SUBJECT TO CHANGE. YOU SHOULD CONSULT YOUR OWN PROFESSIONAL TAX, LEGAL AND FINANCIAL ADVISOR REGARDING ANY PERFORMANCE-BASED STOCK UNITS. YOU UNDERSTAND THAT THE COMPANY AND YOUR EMPLOYER ARE NOT PROVIDING ANY TAX, LEGAL, OR FINANCIAL ADVICE, NOR IS THE COMPANY OR YOUR EMPLOYER MAKING ANY RECOMMENDATION REGARDING YOUR ACCEPTANCE OF THIS AWARD. NOTHING STATED HEREIN IS INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, FOR THE PURPOSE OF AVOIDING TAXPAYER OR OTHER PENALTIES.

8. **Non-Transferability of Performance-Based Stock Units.** Performance-Based Stock Units shall not be anticipated, assigned, attached, garnished, optioned, transferred or made subject to any creditor's process, whether voluntarily or involuntarily or by operation of law.

9. **Restriction on Transfer.** Regardless of whether the transfer or issuance of the Shares to be issued pursuant to the Performance-Based Stock Units has been registered under the Securities Act or has been registered or qualified under the securities laws of any state, the Company may impose additional restrictions upon the sale, pledge, or other transfer of the Shares (including the placement of appropriate legends on stock certificates and the issuance of stop-transfer instructions to the Company's transfer agent) if, in the judgment of the Company and the Company's counsel, such restrictions are necessary in order to achieve compliance with the provisions of the Securities Act, the securities laws of any state, or any other law including all applicable foreign laws.

10. **Restrictive Legends and Stop-Transfer Instructions.** Stock certificates evidencing the Shares issued pursuant to the Performance-Based Stock Units may bear such restrictive legends and/or appropriate stop-transfer instructions may be issued to the Company's transfer agent as the Company and the Company's counsel deem necessary under applicable law or pursuant to this Agreement.

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11. **Representations, Warranties, Covenants, and Acknowledgments.** You hereby agree that in the event the Company and the Company's counsel deem it necessary or advisable in the exercise of their discretion, the transfer or issuance of the Shares issued pursuant to the Performance-Based Stock Units may be conditioned upon you making certain representations, warranties, and acknowledgments relating to compliance with applicable laws.

12. **Voting, Dividend and Other Rights.** Subject to the terms of this Agreement and except as set forth below, you shall not have any voting rights or any other rights and privileges of a stockholder of the Company unless and until the Performance-Based Stock Units are settled in Shares. Dividend equivalents shall accrue on the Performance-Based Stock Units and will be subject to the same conditions and restrictions as the Performance-Based Stock Units to which they attach as set forth in the Plan or this Agreement and to the extent vested will be settled in additional Shares upon the settlement of the Performance-Based Stock Units as set forth in Section 5 above.

13. Authorization to Release and Transfer Necessary Personal Information.

(a) *You hereby explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of your personal information as described in this Agreement by and among, as applicable, the Employer, and the Company and its Parent, Subsidiaries and Affiliates for the exclusive purpose of implementing, administering and managing your participation in the Plan.*

(b) *You understand that the Company and the Employer may hold certain personal information about you, including, but not limited to, your name, home address and telephone number, date of birth, social insurance number (or any other social or national identification number), salary, nationality, job title, residency status, any Shares or directorships held in the Company, details of all Performance-Based Stock Units or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding (the "Data") for the purpose of implementing, administering and managing your participation in the Plan. You understand that Data may be transferred to the Company or any of its Parent, Subsidiaries or Affiliates, or to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in your country or elsewhere, including outside the European Economic Area, and that the recipient's country (e.g., the United States) may have different data privacy laws and protections than your country. You understand that you may request a list with the names and addresses of any potential recipients of the Data by contacting your local human resources representative. You authorize the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purposes of implementing, administering and managing your participation in the Plan, including any requisite transfer of such Data to a broker or other third party assisting with the administration of these Performance-Based Stock Units under the Plan or with whom Shares acquired pursuant to these Performance-Based Stock Units or cash from the sale of such Shares may be deposited. Furthermore, you acknowledge and understand that the transfer of the Data to the Company or any of its Parent, Subsidiaries or Affiliates, or to any third parties is necessary for your participation in the Plan.*

(c) *You understand that Data will be held only as long as is necessary to implement, administer and manage your participation in the Plan. You understand that you may, at any time, view the Data, request additional information about the storage and processing of the Data, require any necessary amendments to the Data or refuse or withdraw the consents herein by contacting your local human resources representative in writing. Further, you understand that you are providing the consents herein on a purely voluntary basis. If you do not consent, or if you later seek to revoke your consent, your employment status or service and career with the Employer will not be affected; the only consequence of refusing or withdrawing your consent is that the Company would not be able to grant you Performance-Based Stock Units or other equity awards, or administer or maintain such awards. You further acknowledge that withdrawal of consent may affect your ability to vest in or realize benefits from these Performance-Based Stock Units, and your ability to participate in the Plan. For more information on the consequences of your refusal to consent or withdrawal of consent, you understand that you may contact your local human resources representative.*

(d) *The collection, use and transfer of Data for the purpose of implementing, administering and managing your participation in the Plan is conducted in accordance with the Company's Global HR Data Protection Policy.*

14. **No Entitlement or Claims for Compensation.** As a condition to, and in consideration of, the grant, vesting, and settlement of the Performance-Based Stock Units, and in receiving the Performance-Based Stock Units, Shares, or any benefit relating to the Performance-Based Stock Units, you acknowledge and agree that:

(a) Your rights, if any, in respect of or in connection with these Performance-Based Stock Units or any other Award are derived solely from the discretionary decision of the Company to permit you to participate in the Plan and to benefit from a discretionary Award. The Plan may be amended, suspended or terminated by the Company at any time, unless otherwise provided in the Plan and this Agreement.

(b) The grant of the Performance-Based Stock Units is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of Performance-Based Stock Units, even if Performance-Based Stock Units have been granted in the past. By accepting these Performance-Based Stock Units, you expressly acknowledge that there is no obligation on the part of the Company to continue the Plan and/or grant any additional Performance-Based Stock Units to you or benefits in lieu of Restricted Stock Units. All decisions with respect to future grants of Performance-Based Stock Units, if any, will be at the sole discretion of the Committee.

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(c) The Performance-Based Stock Units and the Shares subject to the Performance-Based Stock Units, and the income and value of the same are not intended to replace any pension rights or compensation and are not to be considered compensation of a continuing or recurring nature, or part of your normal or expected compensation, and in no way represent any portion of your salary, compensation or other remuneration for any purpose, including but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end of service payments, bonuses, long-service awards, leave-related payments, holiday pay, pension, retirement or welfare benefits or similar payments, and in no event should be considered as compensation for, or relating in any way to, past services for the Company, the Employer or any Parent, Subsidiary or Affiliate. The value of the Performance-Based Stock Units is an extraordinary item that does not constitute compensation of any kind for services of any kind rendered to the Company, the Employer or any Parent, Subsidiary or Affiliate and which is outside the scope of your written employment agreement (if any).

(d) You acknowledge that you are voluntarily participating in the Plan.

(e) Neither the Plan nor these Performance-Based Stock Units or any other Award granted under the Plan shall be deemed to give you a right to remain an Employee, Consultant or director of the Company, a Parent, Subsidiary or an Affiliate. The Employer reserves the right to terminate your Service at any time, with or without cause, and for any reason, subject to applicable laws, the Company's Articles of Incorporation and Bylaws, and a written employment agreement (if any).

(f) The grant of the Performance-Based Stock Units and your participation in the Plan will not be interpreted to form or amend an employment contract or relationship with the Company, the Employer or any Parent, Subsidiary or Affiliate.

(g) The future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty and if you vest in the Performance-Based Stock Units and are issued Shares, the value of those Shares may increase or decrease. You also understand that neither the Company, nor the Employer or any Parent, Subsidiary or Affiliate is responsible for any foreign exchange fluctuation between your Employer's local currency and the United States Dollar that may affect the value of this Award.

(h) No claim or entitlement to compensation or damages shall arise from forfeiture of the Performance-Based Stock Units resulting from termination of your Service by the Company or the Employer (for any reason whatsoever and whether or not later found to be invalid or in breach of the employment laws in the jurisdiction where you are employed or providing Service, or the terms of your employment or service agreement, if any) and, in consideration of the grant of the Award to which you are not otherwise entitled, you irrevocably agree never to institute any claim against the Employer, the Company or its Parent, Subsidiaries or Affiliates, waive your ability, if any, to bring any such claim, and release the Company and its Parent, Subsidiaries and Affiliates from any such claim; if notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by accepting the Award, you shall be deemed irrevocably to have agreed to not pursue such claim and agree to execute any and all documents necessary to request withdrawal from such claim.

(i) You agree that the Company may require Shares received pursuant to the Performance-Based Stock Units to be held by a broker designated by the Company.

(j) You agree that your rights hereunder (if any) shall be subject to set-off by the Company for any valid debts you owe the Company.

(k) Unless otherwise provided in the Plan or this Agreement, or by the Company in its discretion, the Performance-Based Stock Units evidenced by this Agreement do not create any entitlement to have the Performance-Based Stock Units transferred to, or assumed by, another company, nor to be exchanged, cashed out or substituted for in connection with any Corporation Transaction affecting the Common Stock.

15. **Governing Law and Forum.** This Agreement shall be governed by and construed in accordance with the laws of the State of California without regard to the conflict of laws principles thereof. For purposes of litigating any dispute that may arise directly or indirectly from this Agreement, the parties hereby submit and consent to litigation in the exclusive jurisdiction of the State of California and agree that any such litigation shall be conducted only in the courts of California or the federal courts for the United States for the Northern District of California and no other courts.

16. **Notices.** Any notice required or permitted under the terms of this Agreement shall be in writing and shall be deemed sufficient when delivered personally or sent by confirmed email, telegram, or fax or forty-eight (48) hours after being deposited in the mail, as certified or registered mail, with postage prepaid, and addressed to the Company at the Company's principal corporate offices or to you at the address maintained for you in the Company's records or, in either case, as subsequently modified by written notice to the other party.

17. **Binding Effect.** Subject to the limitations set forth in this Agreement, this Agreement shall be binding upon, and inure to the benefit of, the executors, administrators, heirs, legal representatives, successors, and assigns of the parties hereto.

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18. **Severability.** If any provision of this Agreement is held to be unenforceable for any reason, it shall be adjusted rather than voided, if possible, in order to achieve the intent of the parties to the extent possible. In any event, all other provisions of this Agreement shall be deemed valid and enforceable to the full extent possible.

19. **Waiver.** You agree that a waiver by the Company of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by you or any other participant.

20. **Electronic Delivery.** The Company may, in its sole discretion, decide to deliver any documents related to your current or future participation in the Plan by electronic means or to request your consent to participate in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

21. **Language.** If this Agreement or any other document related to the Plan is translated into a language other than English and the meaning of the translated version is different from the English version, the English version will take precedence.

22. **Exchange Control, Tax And/Or Foreign Asset/Account Reporting.** You acknowledge that there may be exchange control, tax, foreign asset and/or account reporting requirements which may affect your ability to acquire or hold Shares acquired under the Plan or cash received from participating in the Plan (including from any dividends paid on Shares acquired under the Plan) in a brokerage or bank account or legal entity outside your country. You may be required to report such accounts, assets, the balances therein, the value thereof and/or the transactions related thereto to the tax or other authorities in your country. You also may be required to repatriate sale proceeds or other funds received as a result of your participation in the Plan to your country through a designated bank or broker within a certain time after receipt. You acknowledge that it is your responsibility to be compliant with such regulations and you should consult your personal legal advisor for details.

23. **Appendix.** Notwithstanding any provisions in this Agreement, the Performance-Based Stock Units shall be subject to any special terms and conditions set forth in any Appendix to this Agreement for your country of residence. Moreover, if you relocate to one of the countries included in the Appendix, the special terms and conditions for such country will apply to you, to the extent the Company determines that the application of such terms and conditions is necessary or advisable in order to comply with local law or facilitate the administration of the Plan. The Appendix constitutes part of this Agreement.

24. **Committee Policies.** The Performance-Based Stock Units shall be subject to any special terms and conditions set forth in any applicable policy (and any amendments thereto) that the Committee (or a designee of the Committee) has adopted or will adopt in the future, including, but not limited to, any policy related to the vesting or transfer of equity awards.

25. **Imposition of Other Requirements.** The Company reserves the right to impose other requirements on your participation in the Plan, on the Performance-Based Stock Units and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable in order to comply with local law or facilitate the administration of the Plan. You agree to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing. Furthermore, you acknowledge that the laws of the country in which you are working at the time of grant, vesting and settlement of the Performance-Based Stock Units or the sale of Shares received pursuant to this Agreement (including any rules or regulations governing securities, foreign exchange, tax, labor, or other matters) may subject you to additional procedural or regulatory requirements that you are and will be solely responsible for and must fulfill.

26. **Acceptance of Agreement.** You may accept this Award either by (a) clicking on the “*I agree*” button below at any time before the Vest Date or (b) doing nothing and your Award will be automatically accepted on your behalf on the Vest Date.

\* \* \* \*

By accepting your Award in accordance with Section 26 of this Agreement, you agree to be bound by the terms and conditions of this Agreement.

**PLEASE PRINT AND KEEP A COPY FOR YOUR RECORDS**

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**CISCO SYSTEMS, INC.**  
**PERFORMANCE-BASED STOCK UNIT AGREEMENT**

This Performance-Based Stock Unit Agreement (the "Agreement") is made and entered into as of the Grant Date (as defined below) by and between Cisco Systems, Inc., a California corporation (the "Company"), and you pursuant to the Cisco Systems, Inc. 2005 Stock Incentive Plan (the "Plan"). The material terms of this Stock Unit Award are as follows:

Employee ID: \_\_\_\_\_

Grant Date: \_\_\_\_\_

Grant Number: \_\_\_\_\_

Target Amount of Performance-Based Stock Units: \_\_\_\_\_

Vest Date: \_\_\_\_\_

To the extent any capitalized terms used in this Agreement are not defined, they shall have the meaning ascribed to them in the Plan. In the event of a conflict between the terms and provisions of the Plan and the terms and provisions of this Agreement, the Plan terms and provisions shall prevail.

In consideration of the mutual agreements herein contained and intending to be legally bound hereby, and as a condition to and in consideration of the grant, vesting, and settlement of the Performance-Based Stock Units and your receipt of any Shares or any related benefit thereunder, the parties agree as follows:

1. **Performance-Based Stock Units**. Pursuant to the Plan, the Company hereby grants to you and you hereby accept from the Company, Performance-Based Stock Units, each of which is a bookkeeping entry representing the equivalent in value of one (1) Share, on the terms and conditions set forth herein and in the Plan. By accepting (whether in writing, electronically or otherwise) the Performance-Based Stock Units, or by otherwise receiving the Performance-Based Stock Units, Shares, or any benefit relating thereto, you acknowledge that the Performance-Based Stock Units and any Shares issued thereunder and your participation in the Plan are subject to such terms and conditions, and you agree to such terms and conditions. The Target Amount of Performance-Based Stock Units stated above reflects the target number of Performance-Based Stock Units (the "Target Amount"). The number of Performance-Based Stock Units ultimately paid out to you will range from \_\_\_\_% to \_\_\_\_% of the Target Amount as determined (i) based upon the Company's performance during the performance period against the performance goals as set forth in the Committee's resolutions, dated \_\_\_\_\_ (the "Performance Goals") and (ii) by the basic formula contained in the attached Exhibit A. In accordance therewith, the Committee has the right, in its sole discretion and for any reason, to reduce or eliminate the number of Performance-Based Stock Units that would otherwise be payable hereunder pursuant to the immediately preceding sentence.

2. **Vesting of Performance-Based Stock Units**. So long as your Service continues and subject to, and to the extent of, the satisfaction of the Performance Goals, the Performance-Based Stock Units shall vest in accordance with the following schedule: \_\_\_\_\_ (\_\_\_\_%) of the total number of Performance-Based Stock Units earned, if any, pursuant to the satisfaction of the Performance Goals shall vest on the Vest Date, unless otherwise provided by the Plan or Sections 3(b) or 4 below. If you take a leave of absence, the Company may, at its discretion and to the extent permitted under applicable local law, either suspend vesting during the period of leave or pro-rate the Performance-Based Stock Units, notwithstanding the Company's Vesting Policy for Leaves of Absence.

3. **Termination of Service**.

(a) Except as otherwise provided in Section 3(b) below or Section 4, in the event of the termination of your Service for any reason (whether or not in breach of local labor laws), all unvested Performance-Based Stock Units shall be immediately forfeited without consideration. For purposes of the preceding sentence, your right to vest in the Performance-Based Stock Units will terminate effective as of the date that you are no longer actively providing Service (or earlier upon your "Separation from Service" within the meaning of Code Section 409A) and will not be extended by any notice period mandated under local law (e.g., active Service would not include a period of "garden leave" or similar period pursuant to local law); the Company shall have the exclusive discretion to determine when you are no longer actively providing Service for purposes of the Performance-Based Stock Units.

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(b) In the event that you resign or your Service is terminated for any reason other than Cause on or after the date that (x) you have attained at least \_\_\_\_ (\_\_) years of age and (y) your age plus your years of Service is at least equal to \_\_\_\_\_ (\_\_\_), and so long as such resignation or the termination of your Service occurs no earlier than the \_\_\_\_\_ anniversary of the Grant Date (the satisfaction of the aforementioned conditions is referred to herein as “Retirement<sup>(1)</sup>”), all unvested Performance-Based Stock Units may be earned pursuant to the satisfaction of the Performance Goals, and shall vest in accordance with the vesting schedule set forth in Section 2 above, determined as if your Service had continued after your resignation or termination of Service, and shall be settled in accordance with Section 5(a); provided that any unsettled or unvested Performance-Based Stock Units shall be forfeited without consideration immediately upon the breach of any of the following conditions:

(i) Unless prohibited by applicable law, you shall render, as an independent advisor or consultant and not as an Employee, such advisory or consulting services to the Company (or any Parent, Subsidiary or Affiliate) as shall reasonably be requested by the Company (or any Parent, Subsidiary or Affiliate), and such services shall not be terminated for Cause (for purposes of clarity, any request to provide such advisory or consulting services to the Company (or any Parent, Subsidiary or Affiliate) shall not be considered a continuation of “Service” unless the Company specifically provides that the continuation of services is a continuation of “Service” for purposes of this Section 3(b)).

(ii) For a period of \_\_\_\_ (\_\_) year beginning on the date of your termination of Service or during any period in which you provide independent advisory or consulting services to the Company (or any Parent, Subsidiary or Affiliate), you shall not directly or indirectly, individually or on behalf of other persons or entities, intentionally solicit or induce (a) any employee of the Company (or any Parent, Subsidiary or Affiliate) to leave the employee’s employment in order to accept employment with another person or entity or (b) any customer of the Company (or any Parent, Subsidiary or Affiliate) with whom you have worked in your capacity as an Employee prior to your termination of Service whose identity and/or any related information constitutes protected trade secrets (with such customers determined as of the date of the termination of your Service, to retain or use any other person or entity for the purpose of rendering services in competition with the Company (or any Parent, Subsidiary or Affiliate) or to purchase products from any business which, in the opinion of the Company (or any Parent, Subsidiary or Affiliate), competes with or is in conflict with the interests of the Company (or any Parent, Subsidiary or Affiliate), in either case, unless these restrictions are prohibited (whether in whole or in part) by applicable law.

(iii) For a period of \_\_\_\_ (\_\_) year beginning on the date of your termination of Service or during any period in which you provide independent advisory or consulting services to the Company (or any Parent, Subsidiary or Affiliate), you shall not render services for any organization or engage directly or indirectly in any business which, in the opinion of the Company, competes with or is in conflict with the interests of the Company (or any Parent, Subsidiary or Affiliate), unless this restriction is prohibited by applicable law.

(iv) You shall not, without prior written authorization from the Company, use or disclose any confidential information or trade secrets concerning the Company (or any Parent, Subsidiary or Affiliate), in each case as determined by the Committee, and the Committee’s determination shall be conclusive and binding.

(c) Notwithstanding any provisions to the contrary in this Agreement, in the event of the termination of your Service for Cause or in the event of the termination for Cause of any independent advisory or consulting services you may be providing as described in Section 3(b)(i), any unsettled or unvested Performance-Based Stock Units shall terminate and be forfeited immediately without consideration.

#### 4. **Special Acceleration.**

(a) To the extent the Performance-Based Stock Units are outstanding at the time of a Corporate Transaction, such Performance-Based Stock Units shall automatically become vested in full at the Target Amount immediately prior to the effective date of the Corporate Transaction and settled in accordance with Section 5 below. No such accelerated vesting, however, shall occur if and to the extent: (i) these Performance-Based Stock Units are, in connection with the Corporate Transaction, either assumed by the successor corporation (or parent thereof) or replaced with comparable performance-based stock units of the successor corporation (or parent thereof), in each case, having a minimum payout equal to the Target Amount and preserving the settlement provisions set forth in Section 5 below or (ii) these Performance-Based Stock Units are replaced with a cash incentive program of the successor corporation which complies with Code Section 409A and, at a minimum, preserves the fair market value of the Performance-Based Stock Units at the time of the Corporate Transaction (based on the Target Amount) and provides for subsequent pay-out in accordance with the settlement provisions set forth in Section 5 below. The determination of the comparability of performance-based stock units under clause (i) shall be made by the Committee, and such determination shall be final, binding and conclusive.

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<sup>(1)</sup> If you are subject to the employment protections of a country within the European Economic Area because you reside in such country or are otherwise subject thereto, “Retirement” shall mean your years of Service is at least equal to \_\_\_\_\_ (\_\_\_), regardless of your age, and the provisions concerning Retirement shall apply to you so long as the termination of your Service occurs no earlier than the one-year anniversary of the Grant Date. In all cases, years of Service shall be determined based on the date you originally provided Service. If you previously terminated Service, but subsequently returned to Service prior to the Grant Date, you will receive credit for your prior Service.

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(b) Immediately following the effective date of the Corporate Transaction, this Agreement shall terminate and cease to be outstanding, except as set forth in Section 5 below with respect to the settlement of Performance-Based Stock Units or to the extent assumed by the successor corporation (or parent thereof) in connection with the Corporate Transaction.

(c) If this Agreement is assumed in connection with a Corporate Transaction, then the Committee shall appropriately adjust the number of units and the kind of shares or securities to be issued pursuant to this Agreement immediately after such Corporate Transaction.

(d) This Agreement shall not in any way affect the right of the Company to adjust, reclassify, reorganize or otherwise change its capital or business structure or to merge, consolidate, dissolve, liquidate, sell or transfer all or any part of its business or assets.

#### 5. Settlement of Performance-Based Stock Units.

(a) **General Settlement Terms.** The Performance-Based Stock Units, to the extent earned and vested hereunder (including, without limitation by reason of Retirement), shall be automatically settled in Shares on the Vest Date (which constitutes a fixed payment date for purposes of Code Section 409A) or, if earlier, upon the earliest to occur of the settlement events set forth below or in the Company's Vesting Acceleration Policy for Death and Terminal Illness; it being understood that nothing herein shall limit the Company's ability to amend or terminate such policy in its sole discretion and without your consent.

(b) **Corporate Transaction.** If, as of the Grant Date, you have not satisfied and it is not possible for you to satisfy the age and Service Retirement conditions with respect to this Performance-Based Stock Unit award and this Performance-Based Stock Unit award is not assumed or replaced as described in Section 4(a) in connection with a Corporate Transaction, then the Performance-Based Stock Units shall be automatically settled in Shares immediately prior to the effective date of the Corporate Transaction instead of on the Vest Date.

(c) The Company shall have no obligation to issue Shares pursuant to this Agreement unless and until you have satisfied any applicable tax and/or other obligations pursuant to Section 6 below and such issuance otherwise complies with all applicable law.

(d) Notwithstanding anything in this Section 5 or in this Agreement, to the extent your Performance-Based Stock Units would otherwise be settled upon your Separation from Service, such settlement shall instead occur upon the Company's first business day following the six-month anniversary of your Separation from Service.

(e) Prior to the time that the Performance-Based Stock Units are settled, you shall have no rights other than those of a general creditor of the Company. The Performance-Based Stock Units represent an unfunded and unsecured obligation of the Company.

#### 6. Taxes.

(a) Regardless of any action the Company or your employer (the "Employer") takes with respect to any and all income tax, social taxes or insurance contributions, payroll tax, payment on account or other tax-related items related to your participation in the Plan and legally applicable to you ("Tax-Related Items"), and as a condition to and in consideration of the grant, vesting, and settlement of the Performance-Based Stock Units, you acknowledge that the ultimate liability for all Tax-Related Items with respect to the Performance-Based Stock Units is and remains your responsibility and may exceed the amount, if any, actually withheld by the Company or the Employer. You further acknowledge that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Performance-Based Stock Units, including the grant, vesting or settlement of the Performance-Based Stock Units, or the subsequent sale of any Shares acquired at vesting or the receipt of any dividends with respect to such Shares; and (ii) do not commit to and are under no obligation to structure the terms or any aspect of the Performance-Based Stock Units to reduce or eliminate your liability for Tax-Related Items or achieve any particular tax result. Further, if you become subject to taxation in more than one jurisdiction between the Grant Date and the date of any relevant taxable event, you acknowledge that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

(b) Prior to any relevant tax, withholding or required deduction event, as applicable, and in order to receive any Shares or other benefit in relation to the Performance-Based Stock Units, you agree to make arrangements satisfactory to the Company for the satisfaction of any applicable tax, withholding, required deduction and payment on account of any obligations of the Company and/or the Employer that arise in connection with the Performance-Based Stock Units. In this regard, you authorize the Company and/or the Employer, or their respective agents, at their discretion, to satisfy any obligations related to Tax-Related Items by one or a combination of the following: (1) withholding from your wages or other cash compensation payable to you by the Company or the Employer; (2) withholding from proceeds of the sale of Shares acquired upon settlement of the Performance-Based Stock Units either through a voluntary sale or through a mandatory sale arranged by the Company (on your behalf pursuant to this authorization); (3) withholding of Shares that would otherwise be issued upon settlement of the Performance-Based Stock Units; or (4) requiring you to satisfy the liability for Tax-Related Items by means of any other arrangement approved by the Company.

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(c) If the obligation for Tax-Related Items is satisfied by withholding Shares, for tax purposes, you are deemed to have been issued the full number of Shares subject to the vested Performance-Based Stock Units, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items due as a result of any aspect of your participation in the Plan. You agree to provide the Company and/or its stock plan broker/administrator with the information necessary to manage your Tax-Related Items withholding and acknowledge that should you fail to provide such information on a timely basis, the Company and/or its stock plan broker/administrator may be obligated to withhold amounts from you and it may be necessary for you to seek a refund directly from the tax authorities. Depending on the withholding method, the Company or Employer may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates, including maximum applicable rates.

(d) Finally, you will pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of your participation in the Plan or your acquisition of Shares that cannot be satisfied by the means previously described. The Company shall not be required to issue or deliver Shares pursuant to this Agreement unless and until such obligations are satisfied.

7. **Tax and Legal Advice.** You represent, warrant and acknowledge that neither the Company nor your Employer have made any warranties or representations to you with respect to any Tax-Related Items, legal or financial consequences of the transactions contemplated by this Agreement, and you are in no manner relying on the Company, your Employer or the Company's or the Employer's representatives for an assessment of such consequences. YOU UNDERSTAND THAT THE LAWS GOVERNING THIS AWARD ARE SUBJECT TO CHANGE. YOU SHOULD CONSULT YOUR OWN PROFESSIONAL TAX, LEGAL AND FINANCIAL ADVISOR REGARDING ANY PERFORMANCE-BASED STOCK UNITS. YOU UNDERSTAND THAT THE COMPANY AND YOUR EMPLOYER ARE NOT PROVIDING ANY TAX, LEGAL, OR FINANCIAL ADVICE, NOR IS THE COMPANY OR YOUR EMPLOYER MAKING ANY RECOMMENDATION REGARDING YOUR ACCEPTANCE OF THIS AWARD. NOTHING STATED HEREIN IS INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, FOR THE PURPOSE OF AVOIDING TAXPAYER OR OTHER PENALTIES.

8. **Non-Transferability of Performance-Based Stock Units.** Performance-Based Stock Units shall not be anticipated, assigned, attached, garnished, optioned, transferred or made subject to any creditor's process, whether voluntarily or involuntarily or by operation of law.

9. **Restriction on Transfer.** Regardless of whether the transfer or issuance of the Shares to be issued pursuant to the Performance-Based Stock Units has been registered under the Securities Act or has been registered or qualified under the securities laws of any state, the Company may impose additional restrictions upon the sale, pledge, or other transfer of the Shares (including the placement of appropriate legends on stock certificates and the issuance of stop-transfer instructions to the Company's transfer agent) if, in the judgment of the Company and the Company's counsel, such restrictions are necessary in order to achieve compliance with the provisions of the Securities Act, the securities laws of any state, or any other law including all applicable foreign laws.

10. **Restrictive Legends and Stop-Transfer Instructions.** Stock certificates evidencing the Shares issued pursuant to the Performance-Based Stock Units may bear such restrictive legends and/or appropriate stop-transfer instructions may be issued to the Company's transfer agent as the Company and the Company's counsel deem necessary under applicable law or pursuant to this Agreement.

11. **Representations, Warranties, Covenants, and Acknowledgments.** You hereby agree that in the event the Company and the Company's counsel deem it necessary or advisable in the exercise of their discretion, the transfer or issuance of the Shares issued pursuant to the Performance-Based Stock Units may be conditioned upon you making certain representations, warranties, and acknowledgments relating to compliance with applicable laws.

12. **Voting and Other Rights.** Subject to the terms of this Agreement, you shall not have any voting rights or any other rights and privileges of a stockholder of the Company unless and until the Performance-Based Stock Units are settled in Shares. In addition, you shall not have any rights to dividend equivalent payments with respect to Performance-Based Stock Units.

13. **Authorization to Release and Transfer Necessary Personal Information.**

(a) *You hereby explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of your personal information as described in this Agreement by and among, as applicable, the Employer, and the Company and its Parent, Subsidiaries and Affiliates for the exclusive purpose of implementing, administering and managing your participation in the Plan.*

(b) *You understand that the Company and the Employer may hold certain personal information about you, including, but not limited to, your name, home address and telephone number, date of birth, social insurance number (or any other social or national identification number), salary, nationality, job title, residency status, any Shares or directorships held in the Company, details of all Performance-Based Stock Units or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding (the "Data") for the purpose of implementing, administering and managing your participation in the Plan. You understand that Data may be transferred to the Company or any of its Parent, Subsidiaries or Affiliates, or to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in your country or elsewhere, including outside the*

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*European Economic Area, and that the recipient's country (e.g., the United States) may have different data privacy laws and protections than your country. You understand that you may request a list with the names and addresses of any potential recipients of the Data by contacting your local human resources representative. You authorize the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purposes of implementing, administering and managing your participation in the Plan, including any requisite transfer of such Data to a broker or other third party assisting with the administration of these Performance-Based Stock Units under the Plan or with whom Shares acquired pursuant to these Performance-Based Stock Units or cash from the sale of such Shares may be deposited. Furthermore, you acknowledge and understand that the transfer of the Data to the Company or any of its Parent, Subsidiaries or Affiliates, or to any third parties is necessary for your participation in the Plan.*

*(c) You understand that Data will be held only as long as is necessary to implement, administer and manage your participation in the Plan. You understand that you may, at any time, view the Data, request additional information about the storage and processing of the Data, require any necessary amendments to the Data or refuse or withdraw the consents herein by contacting your local human resources representative in writing. Further, you understand that you are providing the consents herein on a purely voluntary basis. If you do not consent, or if you later seek to revoke your consent, your employment status or service and career with the Employer will not be affected; the only consequence of refusing or withdrawing your consent is that the Company would not be able to grant you Performance-Based Stock Units or other equity awards, or administer or maintain such awards. You further acknowledge that withdrawal of consent may affect your ability to vest in or realize benefits from these Performance-Based Stock Units, and your ability to participate in the Plan. For more information on the consequences of your refusal to consent or withdrawal of consent, you understand that you may contact your local human resources representative.*

*(d) The collection, use and transfer of Data for the purpose of implementing, administering and managing your participation in the Plan is conducted in accordance with the Company's Global HR Data Protection Policy.*

14. **No Entitlement or Claims for Compensation.** As a condition to, and in consideration of, the grant, vesting, and settlement of the Performance-Based Stock Units, and in receiving the Performance-Based Stock Units, Shares, or any benefit relating to the Performance-Based Stock Units, you acknowledge and agree that:

(a) Your rights, if any, in respect of or in connection with these Performance-Based Stock Units or any other Award are derived solely from the discretionary decision of the Company to permit you to participate in the Plan and to benefit from a discretionary Award. The Plan may be amended, suspended or terminated by the Company at any time, unless otherwise provided in the Plan and this Agreement.

(b) The grant of the Performance-Based Stock Units is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of Performance-Based Stock Units, even if Performance-Based Stock Units have been granted in the past. By accepting these Performance-Based Stock Units, you expressly acknowledge that there is no obligation on the part of the Company to continue the Plan and/or grant any additional Performance-Based Stock Units to you or benefits in lieu of Restricted Stock Units. All decisions with respect to future grants of Performance-Based Stock Units, if any, will be at the sole discretion of the Committee.

(c) The Performance-Based Stock Units and the Shares subject to the Performance-Based Stock Units, and the income and value of the same are not intended to replace any pension rights or compensation and are not to be considered compensation of a continuing or recurring nature, or part of your normal or expected compensation, and in no way represent any portion of your salary, compensation or other remuneration for any purpose, including but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end of service payments, bonuses, long-service awards, leave-related payments, holiday pay, pension, retirement or welfare benefits or similar payments, and in no event should be considered as compensation for, or relating in any way to, past services for the Company, the Employer or any Parent, Subsidiary or Affiliate. The value of the Performance-Based Stock Units is an extraordinary item that does not constitute compensation of any kind for services of any kind rendered to the Company, the Employer or any Parent, Subsidiary or Affiliate and which is outside the scope of your written employment agreement (if any).

(d) You acknowledge that you are voluntarily participating in the Plan.

(e) Neither the Plan nor these Performance-Based Stock Units or any other Award granted under the Plan shall be deemed to give you a right to remain an Employee, Consultant or director of the Company, a Parent, Subsidiary or an Affiliate. The Employer reserves the right to terminate your Service at any time, with or without cause, and for any reason, subject to applicable laws, the Company's Articles of Incorporation and Bylaws, and a written employment agreement (if any).

(f) The grant of the Performance-Based Stock Units and your participation in the Plan will not be interpreted to form or amend an employment contract or relationship with the Company, the Employer or any Parent, Subsidiary or Affiliate.

(g) The future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty and if you vest in the Performance-Based Stock Units and are issued Shares, the value of those Shares may increase or decrease. You also understand

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that neither the Company, nor the Employer or any Parent, Subsidiary or Affiliate is responsible for any foreign exchange fluctuation between your Employer's local currency and the United States Dollar that may affect the value of this Award.

(h) No claim or entitlement to compensation or damages shall arise from forfeiture of the Performance-Based Stock Units resulting from termination of your Service by the Company or the Employer (for any reason whatsoever and whether or not later found to be invalid or in breach of the employment laws in the jurisdiction where you are employed or providing Service, or the terms of your employment or service agreement, if any) and, in consideration of the grant of the Award to which you are not otherwise entitled, you irrevocably agree never to institute any claim against the Employer, the Company or its Parent, Subsidiaries or Affiliates, waive your ability, if any, to bring any such claim, and release the Company and its Parent, Subsidiaries and Affiliates from any such claim; if notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by accepting the Award, you shall be deemed irrevocably to have agreed to not pursue such claim and agree to execute any and all documents necessary to request withdrawal from such claim.

(i) You agree that the Company may require Shares received pursuant to the Performance-Based Stock Units to be held by a broker designated by the Company.

(j) You agree that your rights hereunder (if any) shall be subject to set-off by the Company for any valid debts you owe the Company.

(k) Unless otherwise provided in the Plan or this Agreement, or by the Company in its discretion, the Performance-Based Stock Units evidenced by this Agreement do not create any entitlement to have the Performance-Based Stock Units transferred to, or assumed by, another company, nor to be exchanged, cashed out or substituted for in connection with any Corporation Transaction affecting the Common Stock.

15. **Governing Law and Forum.** This Agreement shall be governed by and construed in accordance with the laws of the State of California without regard to the conflict of laws principles thereof. For purposes of litigating any dispute that may arise directly or indirectly from this Agreement, the parties hereby submit and consent to litigation in the exclusive jurisdiction of the State of California and agree that any such litigation shall be conducted only in the courts of California or the federal courts for the United States for the Northern District of California and no other courts.

16. **Notices.** Any notice required or permitted under the terms of this Agreement shall be in writing and shall be deemed sufficient when delivered personally or sent by confirmed email, telegram, or fax or forty-eight (48) hours after being deposited in the mail, as certified or registered mail, with postage prepaid, and addressed to the Company at the Company's principal corporate offices or to you at the address maintained for you in the Company's records or, in either case, as subsequently modified by written notice to the other party.

17. **Binding Effect.** Subject to the limitations set forth in this Agreement, this Agreement shall be binding upon, and inure to the benefit of, the executors, administrators, heirs, legal representatives, successors, and assigns of the parties hereto.

18. **Severability.** If any provision of this Agreement is held to be unenforceable for any reason, it shall be adjusted rather than voided, if possible, in order to achieve the intent of the parties to the extent possible. In any event, all other provisions of this Agreement shall be deemed valid and enforceable to the full extent possible.

19. **Waiver.** You agree that a waiver by the Company of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by you or any other participant.

20. **Electronic Delivery.** The Company may, in its sole discretion, decide to deliver any documents related to your current or future participation in the Plan by electronic means or to request your consent to participate in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

21. **Language.** If this Agreement or any other document related to the Plan is translated into a language other than English and the meaning of the translated version is different from the English version, the English version will take precedence.

22. **Exchange Control, Tax And/Or Foreign Asset/Account Reporting.** You acknowledge that there may be exchange control, tax, foreign asset and/or account reporting requirements which may affect your ability to acquire or hold Shares acquired under the Plan or cash received from participating in the Plan (including from any dividends paid on Shares acquired under the Plan) in a brokerage or bank account or legal entity outside your country. You may be required to report such accounts, assets, the balances therein, the value thereof and/or the transactions related thereto to the tax or other authorities in your country. You also may be required to repatriate sale proceeds or other funds received as a result of your participation in the Plan to your country through a designated bank or broker within a certain time after receipt. You acknowledge that it is your responsibility to be compliant with such regulations and you should consult your personal legal advisor for details.

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23. **Appendix.** Notwithstanding any provisions in this Agreement, the Performance-Based Stock Units shall be subject to any special terms and conditions set forth in any Appendix to this Agreement for your country of residence. Moreover, if you relocate to one of the countries included in the Appendix, the special terms and conditions for such country will apply to you, to the extent the Company determines that the application of such terms and conditions is necessary or advisable in order to comply with local law or facilitate the administration of the Plan. The Appendix constitutes part of this Agreement.

24. **Committee Policies.** The Performance-Based Stock Units shall be subject to any special terms and conditions set forth in any applicable policy (and any amendments thereto) that the Committee (or a designee of the Committee) has adopted or will adopt in the future, including, but not limited to, any policy related to the vesting or transfer of equity awards.

25. **Imposition of Other Requirements.** The Company reserves the right to impose other requirements on your participation in the Plan, on the Performance-Based Stock Units and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable in order to comply with local law or facilitate the administration of the Plan. You agree to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing. Furthermore, you acknowledge that the laws of the country in which you are working at the time of grant, vesting and settlement of the Performance-Based Stock Units or the sale of Shares received pursuant to this Agreement (including any rules or regulations governing securities, foreign exchange, tax, labor, or other matters) may subject you to additional procedural or regulatory requirements that you are and will be solely responsible for and must fulfill.

26. **Acceptance of Agreement.** You may accept this Award either by (a) clicking on the “*I agree*” button below at any time before the Vest Date or (b) doing nothing and your Award will be automatically accepted on your behalf on the Vest Date.

\* \* \* \*

By accepting your Award in accordance with Section 26 of this Agreement, you agree to be bound by the terms and conditions of this Agreement.

**PLEASE PRINT AND KEEP A COPY FOR YOUR RECORDS**

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Exhibit A

**FORMULA FOR THE  
CISCO SYSTEMS, INC.  
PERFORMANCE-BASED STOCK UNIT AGREEMENT**

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**CISCO SYSTEMS, INC.**  
**PERFORMANCE-BASED STOCK UNIT AGREEMENT**

This Performance-Based Stock Unit Agreement (the "Agreement") is made and entered into as of the Grant Date (as defined below) by and between Cisco Systems, Inc., a California corporation (the "Company"), and you pursuant to the Cisco Systems, Inc. 2005 Stock Incentive Plan (the "Plan"). The material terms of this Stock Unit Award are as follows:

Employee ID: \_\_\_\_\_

Grant Date: \_\_\_\_\_

Grant Number: \_\_\_\_\_

Target Amount of Performance-Based Stock Units: \_\_\_\_\_

Vest Date: \_\_\_\_\_

To the extent any capitalized terms used in this Agreement are not defined, they shall have the meaning ascribed to them in the Plan. In the event of a conflict between the terms and provisions of the Plan and the terms and provisions of this Agreement, the Plan terms and provisions shall prevail.

In consideration of the mutual agreements herein contained and intending to be legally bound hereby, and as a condition to and in consideration of the grant, vesting, and settlement of the Performance-Based Stock Units and your receipt of any Shares or any related benefit thereunder, the parties agree as follows:

1. **Performance-Based Stock Units.** Pursuant to the Plan, the Company hereby grants to you and you hereby accept from the Company, Performance-Based Stock Units, each of which is a bookkeeping entry representing the equivalent in value of one (1) Share, on the terms and conditions set forth herein and in the Plan. By accepting (whether in writing, electronically or otherwise) the Performance-Based Stock Units, or by otherwise receiving the Performance-Based Stock Units, Shares, or any benefit relating thereto, you acknowledge that the Performance-Based Stock Units and any Shares issued thereunder and your participation in the Plan are subject to such terms and conditions, and you agree to such terms and conditions. The Target Amount of Performance-Based Stock Units stated above reflects the target number of Performance-Based Stock Units (the "Target Amount"). The number of Performance-Based Stock Units ultimately paid out to you will range from \_\_\_% to \_\_\_% of the Target Amount as determined (i) based upon the Company's performance during the performance period against the performance goals as set forth in the Committee's resolutions, dated \_\_\_\_\_ (the "Performance Goals") and (ii) by the basic formula contained in the attached Exhibit A. In accordance therewith, the Committee has the right, in its sole discretion and for any reason, to reduce or eliminate the number of Performance-Based Stock Units that would otherwise be payable hereunder pursuant to the immediately preceding sentence.

2. **Vesting of Performance-Based Stock Units.** So long as your Service continues and subject to, and to the extent of, the satisfaction of the Performance Goals, the Performance-Based Stock Units shall vest in accordance with the following schedule: \_\_\_\_\_ (\_\_\_%) of the total number of Performance-Based Stock Units earned, if any, pursuant to the satisfaction of the Performance Goals shall vest on the Vest Date, unless otherwise provided by the Plan or Sections 3(b) or 4 below. If you take a leave of absence, the Company may, at its discretion and to the extent permitted under applicable local law, either suspend vesting during the period of leave or pro-rate the Performance-Based Stock Units, notwithstanding the Company's Vesting Policy for Leaves of Absence.

3. **Termination of Service.**

(a) Except as otherwise provided in Section 3(b) below or Section 4, in the event of the termination of your Service for any reason (whether or not in breach of local labor laws), all unvested Performance-Based Stock Units shall be immediately forfeited without consideration. For purposes of the preceding sentence, your right to vest in the Performance-Based Stock Units will terminate effective as of the date that you are no longer actively providing Service (or earlier upon your "Separation from Service" within the meaning of Code Section 409A) and will not be extended by any notice period mandated under local law (e.g., active Service would not include a period of "garden leave" or similar period pursuant to local law); the Company shall have the exclusive discretion to determine when you are no longer actively providing Service for purposes of the Performance-Based Stock Units.

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(b) In the event that you resign or your Service is terminated for any reason other than Cause on or after the date that (x) you have attained at least \_\_\_\_ ( ) years of age and (y) your age plus your years of Service is at least equal to \_\_\_\_\_ ( ), and so long as such resignation or the termination of your Service occurs no earlier than the \_\_\_\_\_ anniversary of the Grant Date (the satisfaction of the aforementioned conditions is referred to herein as “Retirement<sup>(1)</sup>”), all unvested Performance-Based Stock Units may be earned pursuant to the satisfaction of the Performance Goals, and shall vest in accordance with the vesting schedule set forth in Section 2 above, determined as if your Service had continued after your resignation or termination of Service, and shall be settled in accordance with Section 5(a); provided that any unsettled or unvested Performance-Based Stock Units shall be forfeited without consideration immediately upon the breach of any of the following conditions:

(i) Unless prohibited by applicable law, you shall render, as an independent advisor or consultant and not as an Employee, such advisory or consulting services to the Company (or any Parent, Subsidiary or Affiliate) as shall reasonably be requested by the Company (or any Parent, Subsidiary or Affiliate), and such services shall not be terminated for Cause (for purposes of clarity, any request to provide such advisory or consulting services to the Company (or any Parent, Subsidiary or Affiliate) shall not be considered a continuation of “Service” unless the Company specifically provides that the continuation of services is a continuation of “Service” for purposes of this Section 3(b)).

(ii) For a period of \_\_\_\_ ( ) year beginning on the date of your termination of Service or during any period in which you provide independent advisory or consulting services to the Company (or any Parent, Subsidiary or Affiliate), you shall not directly or indirectly, individually or on behalf of other persons or entities, intentionally solicit or induce (a) any employee of the Company (or any Parent, Subsidiary or Affiliate) to leave the employee’s employment in order to accept employment with another person or entity or (b) any customer of the Company (or any Parent, Subsidiary or Affiliate) with whom you have worked in your capacity as an Employee prior to your termination of Service whose identity and/or any related information constitutes protected trade secrets (with such customers determined as of the date of the termination of your Service, to retain or use any other person or entity for the purpose of rendering services in competition with the Company (or any Parent, Subsidiary or Affiliate) or to purchase products from any business which, in the opinion of the Company (or any Parent, Subsidiary or Affiliate), competes with or is in conflict with the interests of the Company (or any Parent, Subsidiary or Affiliate), in either case, unless these restrictions are prohibited (whether in whole or in part) by applicable law.

(iii) For a period of \_\_\_\_ ( ) year beginning on the date of your termination of Service or during any period in which you provide independent advisory or consulting services to the Company (or any Parent, Subsidiary or Affiliate), you shall not render services for any organization or engage directly or indirectly in any business which, in the opinion of the Company, competes with or is in conflict with the interests of the Company (or any Parent, Subsidiary or Affiliate), unless this restriction is prohibited by applicable law.

(iv) You shall not, without prior written authorization from the Company, use or disclose any confidential information or trade secrets concerning the Company (or any Parent, Subsidiary or Affiliate), in each case as determined by the Committee, and the Committee’s determination shall be conclusive and binding.

(c) Notwithstanding any provisions to the contrary in this Agreement, in the event of the termination of your Service for Cause or in the event of the termination for Cause of any independent advisory or consulting services you may be providing as described in Section 3(b)(i), any unsettled or unvested Performance-Based Stock Units shall terminate and be forfeited immediately without consideration.

#### 4. **Special Acceleration.**

(a) To the extent the Performance-Based Stock Units are outstanding at the time of a Corporate Transaction, such Performance-Based Stock Units shall automatically become vested in full at the Target Amount immediately prior to the effective date of the Corporate Transaction and settled in accordance with Section 5 below. No such accelerated vesting, however, shall occur if and to the extent: (i) these Performance-Based Stock Units are, in connection with the Corporate Transaction, either assumed by the successor corporation (or parent thereof) or replaced with comparable performance-based stock units of the successor corporation (or parent thereof), in each case, having a minimum payout equal to the Target Amount and preserving the settlement provisions set forth in Section 5 below or (ii) these Performance-Based Stock Units are replaced with a cash incentive program of the successor corporation which complies with Code Section 409A and, at a minimum, preserves the fair market value of the Performance-Based Stock Units at the time of the Corporate Transaction (based on the Target Amount) and provides for subsequent pay-out in accordance with the settlement provisions set forth in Section 5 below. The determination of the comparability of performance-based stock units under clause (i) shall be made by the Committee, and such determination shall be final, binding and conclusive.

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<sup>(1)</sup>If you are subject to the employment protections of a country within the European Economic Area because you reside in such country or are otherwise subject thereto, “Retirement” shall mean your years of Service is at least equal to \_\_\_\_ ( ), regardless of your age, and the provisions concerning Retirement shall apply to you so long as the termination of your Service occurs no earlier than the one-year anniversary of the Grant Date. In all cases, years of Service shall be determined based on the date you originally provided Service. If you previously terminated Service, but subsequently returned to Service prior to the Grant Date, you will receive credit for your prior Service.

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(b) Immediately following the effective date of the Corporate Transaction, this Agreement shall terminate and cease to be outstanding, except as set forth in Section 5 below with respect to the settlement of Performance-Based Stock Units or to the extent assumed by the successor corporation (or parent thereof) in connection with the Corporate Transaction.

(c) If this Agreement is assumed in connection with a Corporate Transaction, then the Committee shall appropriately adjust the number of units and the kind of shares or securities to be issued pursuant to this Agreement immediately after such Corporate Transaction.

(d) This Agreement shall not in any way affect the right of the Company to adjust, reclassify, reorganize or otherwise change its capital or business structure or to merge, consolidate, dissolve, liquidate, sell or transfer all or any part of its business or assets.

#### 5. Settlement of Performance-Based Stock Units.

(a) **General Settlement Terms.** The Performance-Based Stock Units, to the extent earned and vested hereunder (including, without limitation by reason of Retirement), shall be automatically settled in Shares on the Vest Date (which constitutes a fixed payment date for purposes of Code Section 409A) or, if earlier, upon the earliest to occur of the settlement events set forth below or in the Company's Vesting Acceleration Policy for Death and Terminal Illness; it being understood that nothing herein shall limit the Company's ability to amend or terminate such policy in its sole discretion and without your consent.

(b) **Corporate Transaction.** If, as of the Grant Date, you have not satisfied and it is not possible for you to satisfy the age and Service Retirement conditions with respect to this Performance-Based Stock Unit award and this Performance-Based Stock Unit award is not assumed or replaced as described in Section 4(a) in connection with a Corporate Transaction, then the Performance-Based Stock Units shall be automatically settled in Shares immediately prior to the effective date of the Corporate Transaction instead of on the Vest Date.

(c) The Company shall have no obligation to issue Shares pursuant to this Agreement unless and until you have satisfied any applicable tax and/or other obligations pursuant to Section 6 below and such issuance otherwise complies with all applicable law.

(d) Notwithstanding anything in this Section 5 or in this Agreement, to the extent your Performance-Based Stock Units would otherwise be settled upon your Separation from Service, such settlement shall instead occur upon the Company's first business day following the six-month anniversary of your Separation from Service.

(e) Prior to the time that the Performance-Based Stock Units are settled, you shall have no rights other than those of a general creditor of the Company. The Performance-Based Stock Units represent an unfunded and unsecured obligation of the Company.

#### 6. Taxes.

(a) Regardless of any action the Company or your employer (the "Employer") takes with respect to any and all income tax, social taxes or insurance contributions, payroll tax, payment on account or other tax-related items related to your participation in the Plan and legally applicable to you ("Tax-Related Items"), and as a condition to and in consideration of the grant, vesting, and settlement of the Performance-Based Stock Units, you acknowledge that the ultimate liability for all Tax-Related Items with respect to the Performance-Based Stock Units is and remains your responsibility and may exceed the amount actually withheld by the Company or the Employer. You further acknowledge that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Performance-Based Stock Units, including the grant, vesting or settlement of the Performance-Based Stock Units, or the subsequent sale of any Shares acquired at vesting or the receipt of any dividends with respect to such Shares; and (ii) do not commit to and are under no obligation to structure the terms or any aspect of the Performance-Based Stock Units to reduce or eliminate your liability for Tax-Related Items or achieve any particular tax result. Further, if you become subject to taxation in more than one jurisdiction between the Grant Date and the date of any relevant taxable event, you acknowledge that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

(b) Prior to any relevant tax, withholding or required deduction event, as applicable, and in order to receive any Shares or other benefit in relation to the Performance-Based Stock Units, you agree to make arrangements satisfactory to the Company for the satisfaction of any applicable tax, withholding, required deduction and payment on account of any obligations of the Company and/or the Employer that arise in connection with the Performance-Based Stock Units. In this regard, you authorize the Company and/or the Employer, or their respective agents, at their discretion, to satisfy any obligations related to Tax-Related Items by one or a combination of the following: (1) withholding from your wages or other cash compensation payable to you by the Company or the Employer; (2) withholding from proceeds of the sale of Shares acquired upon settlement of the Performance-Based Stock Units either through a voluntary sale or through a mandatory sale arranged by the Company (on your behalf pursuant to this authorization); (3) withholding of Shares that would otherwise be issued upon settlement of the Performance-Based Stock Units; or (4) requiring you to satisfy the liability for Tax-Related Items by means of any other arrangement approved by the Company. If the obligation for Tax-Related Items is satisfied by withholding Shares, for tax purposes, you are deemed to have been issued the full number of Shares subject to the vested Performance-Based Stock Units, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items due as a result of any aspect of your participation in the Plan. You agree to provide the Company and/or its stock plan broker/administrator with the information necessary to manage your Tax-Related Items

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withholding and acknowledge that should you fail to provide such information on a timely basis, the Company and/or its stock plan broker/administrator may be obligated to withhold amounts from you and it may be necessary for you to seek a refund directly from the tax authorities. Depending on the withholding method, the Company or Employer may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates.

(c) Finally, you will pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of your participation in the Plan or your acquisition of Shares that cannot be satisfied by the means previously described. The Company shall not be required to issue or deliver Shares pursuant to this Agreement unless and until such obligations are satisfied.

7. **Tax and Legal Advice.** You represent, warrant and acknowledge that neither the Company nor your Employer have made any warranties or representations to you with respect to any Tax-Related Items, legal or financial consequences of the transactions contemplated by this Agreement, and you are in no manner relying on the Company, your Employer or the Company's or the Employer's representatives for an assessment of such consequences. YOU UNDERSTAND THAT THE LAWS GOVERNING THIS AWARD ARE SUBJECT TO CHANGE. YOU SHOULD CONSULT YOUR OWN PROFESSIONAL TAX, LEGAL AND FINANCIAL ADVISOR REGARDING ANY PERFORMANCE-BASED STOCK UNITS. YOU UNDERSTAND THAT THE COMPANY AND YOUR EMPLOYER ARE NOT PROVIDING ANY TAX, LEGAL, OR FINANCIAL ADVICE, NOR IS THE COMPANY OR YOUR EMPLOYER MAKING ANY RECOMMENDATION REGARDING YOUR ACCEPTANCE OF THIS AWARD. NOTHING STATED HEREIN IS INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, FOR THE PURPOSE OF AVOIDING TAXPAYER OR OTHER PENALTIES.

8. **Non-Transferability of Performance-Based Stock Units.** Performance-Based Stock Units shall not be anticipated, assigned, attached, garnished, optioned, transferred or made subject to any creditor's process, whether voluntarily or involuntarily or by operation of law.

9. **Restriction on Transfer.** Regardless of whether the transfer or issuance of the Shares to be issued pursuant to the Performance-Based Stock Units has been registered under the Securities Act or has been registered or qualified under the securities laws of any state, the Company may impose additional restrictions upon the sale, pledge, or other transfer of the Shares (including the placement of appropriate legends on stock certificates and the issuance of stop-transfer instructions to the Company's transfer agent) if, in the judgment of the Company and the Company's counsel, such restrictions are necessary in order to achieve compliance with the provisions of the Securities Act, the securities laws of any state, or any other law including all applicable foreign laws.

10. **Restrictive Legends and Stop-Transfer Instructions.** Stock certificates evidencing the Shares issued pursuant to the Performance-Based Stock Units may bear such restrictive legends and/or appropriate stop-transfer instructions may be issued to the Company's transfer agent as the Company and the Company's counsel deem necessary under applicable law or pursuant to this Agreement.

11. **Representations, Warranties, Covenants, and Acknowledgments.** You hereby agree that in the event the Company and the Company's counsel deem it necessary or advisable in the exercise of their discretion, the transfer or issuance of the Shares issued pursuant to the Performance-Based Stock Units may be conditioned upon you making certain representations, warranties, and acknowledgments relating to compliance with applicable laws.

12. **Voting and Other Rights.** Subject to the terms of this Agreement, you shall not have any voting rights or any other rights and privileges of a stockholder of the Company unless and until the Performance-Based Stock Units are settled in Shares. In addition, you shall not have any rights to dividend equivalent payments with respect to Performance-Based Stock Units.

13. **Authorization to Release and Transfer Necessary Personal Information.**

(a) *You hereby explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of your personal information as described in this Agreement by and among, as applicable, the Employer, and the Company and its Parent, Subsidiaries and Affiliates for the exclusive purpose of implementing, administering and managing your participation in the Plan.*

(b) *You understand that the Company and the Employer may hold certain personal information about you, including, but not limited to, your name, home address and telephone number, date of birth, social insurance number (or any other social or national identification number), salary, nationality, job title, residency status, any Shares or directorships held in the Company, details of all Performance-Based Stock Units or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding (the "Data") for the purpose of implementing, administering and managing your participation in the Plan. You understand that Data may be transferred to the Company or any of its Parent, Subsidiaries or Affiliates, or to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in your country or elsewhere, including outside the European Economic Area, and that the recipient's country (e.g., the United States) may have different data privacy laws and protections than your country. You understand that you may request a list with the names and addresses of any potential recipients of the Data by contacting your local human resources representative. You authorize the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purposes of implementing, administering and managing your participation in the Plan, including any requisite transfer of such Data to a broker or other third party assisting with the administration of these Performance-Based Stock Units under the Plan or with whom Shares acquired pursuant to these Performance-Based Stock Units or cash from the sale of such Shares may*

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*be deposited. Furthermore, you acknowledge and understand that the transfer of the Data to the Company or any of its Parent, Subsidiaries or Affiliates, or to any third parties is necessary for your participation in the Plan.*

*(c) You understand that Data will be held only as long as is necessary to implement, administer and manage your participation in the Plan. You understand that you may, at any time, view the Data, request additional information about the storage and processing of the Data, require any necessary amendments to the Data or refuse or withdraw the consents herein by contacting your local human resources representative in writing. Further, you understand that you are providing the consents herein on a purely voluntary basis. If you do not consent, or if you later seek to revoke your consent, your employment status or service and career with the Employer will not be affected; the only consequence of refusing or withdrawing your consent is that the Company would not be able to grant you Performance-Based Stock Units or other equity awards, or administer or maintain such awards. You further acknowledge that withdrawal of consent may affect your ability to vest in or realize benefits from these Performance-Based Stock Units, and your ability to participate in the Plan. For more information on the consequences of your refusal to consent or withdrawal of consent, you understand that you may contact your local human resources representative.*

*(d) The collection, use and transfer of Data for the purpose of implementing, administering and managing your participation in the Plan is conducted in accordance with the Company's Global HR Data Protection Policy.*

14. **No Entitlement or Claims for Compensation.** As a condition to, and in consideration of, the grant, vesting, and settlement of the Performance-Based Stock Units, and in receiving the Performance-Based Stock Units, Shares, or any benefit relating to the Performance-Based Stock Units, you acknowledge and agree that:

(a) Your rights, if any, in respect of or in connection with these Performance-Based Stock Units or any other Award are derived solely from the discretionary decision of the Company to permit you to participate in the Plan and to benefit from a discretionary Award. The Plan may be amended, suspended or terminated by the Company at any time, unless otherwise provided in the Plan and this Agreement. By accepting these Performance-Based Stock Units, you expressly acknowledge that there is no obligation on the part of the Company to continue the Plan and/or grant any additional Performance-Based Stock Units to you or benefits in lieu of Restricted Stock Units, even if Performance-Based Stock Units have been granted repeatedly in the past. All decisions with respect to future grants of Performance-Based Stock Units, if any, will be at the sole discretion of the Committee.

(b) The Performance-Based Stock Units and the Shares subject to the Performance-Based Stock Units are not intended to replace any pension rights or compensation and are not to be considered compensation of a continuing or recurring nature, or part of your normal or expected compensation, and in no way represent any portion of your salary, compensation or other remuneration for any purpose, including but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments, and in no event should be considered as compensation for, or relating in any way to, past services for the Company, the Employer or any Parent, Subsidiary or Affiliate. The value of the Performance-Based Stock Units is an extraordinary item that does not constitute compensation of any kind for services of any kind rendered to the Company, the Employer or any Parent, Subsidiary or Affiliate and which is outside the scope of your written employment agreement (if any).

(c) You acknowledge that you are voluntarily participating in the Plan.

(d) Neither the Plan nor these Performance-Based Stock Units or any other Award granted under the Plan shall be deemed to give you a right to remain an Employee, Consultant or director of the Company, a Parent, Subsidiary or an Affiliate. The Employer reserves the right to terminate your Service at any time, with or without cause, and for any reason, subject to applicable laws, the Company's Articles of Incorporation and Bylaws, and a written employment agreement (if any).

(e) The grant of the Performance-Based Stock Units and your participation in the Plan will not be interpreted to form an employment contract or relationship with the Company, the Employer or any Parent, Subsidiary or Affiliate.

(f) The future value of the underlying Shares is unknown and cannot be predicted with certainty and if you vest in the Performance-Based Stock Units and are issued Shares, the value of those Shares may increase or decrease. You also understand that neither the Company, nor the Employer or any Parent, Subsidiary or Affiliate is responsible for any foreign exchange fluctuation between your Employer's local currency and the United States Dollar that may affect the value of this Award.

(g) In consideration of the grant of the Performance-Based Stock Units, no claim or entitlement to compensation or damages shall arise from forfeiture of the Performance-Based Stock Units resulting from termination of your Service by the Company or the Employer (for any reason whatsoever and whether or not in breach of local labor laws) or from the Company's determination that Performance Goals have not been satisfied in whole or in part and you irrevocably release the Company and the Employer from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, you shall be deemed irrevocably to have waived your entitlement to pursue such claim.

(h) You agree that the Company may require Shares received pursuant to the Performance-Based Stock Units to be held by a broker designated by the Company.

(i) You agree that your rights hereunder (if any) shall be subject to set-off by the Company for any valid debts you owe the Company.

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(j) The Performance-Based Stock Units and the benefits under the Plan, if any, will not automatically transfer to another company in the case of a merger, take-over or transfer of liability.

15. **Governing Law and Forum.** This Agreement shall be governed by and construed in accordance with the laws of the State of California without regard to the conflict of laws principles thereof. For purposes of litigating any dispute that may arise directly or indirectly from this Agreement, the parties hereby submit and consent to litigation in the exclusive jurisdiction of the State of California and agree that any such litigation shall be conducted only in the courts of California or the federal courts for the United States for the Northern District of California and no other courts.

16. **Notices.** Any notice required or permitted under the terms of this Agreement shall be in writing and shall be deemed sufficient when delivered personally or sent by confirmed email, telegram, or fax or forty-eight (48) hours after being deposited in the mail, as certified or registered mail, with postage prepaid, and addressed to the Company at the Company's principal corporate offices or to you at the address maintained for you in the Company's records or, in either case, as subsequently modified by written notice to the other party.

17. **Binding Effect.** Subject to the limitations set forth in this Agreement, this Agreement shall be binding upon, and inure to the benefit of, the executors, administrators, heirs, legal representatives, successors, and assigns of the parties hereto.

18. **Severability.** If any provision of this Agreement is held to be unenforceable for any reason, it shall be adjusted rather than voided, if possible, in order to achieve the intent of the parties to the extent possible. In any event, all other provisions of this Agreement shall be deemed valid and enforceable to the full extent possible.

19. **Waiver.** You agree that a waiver by the Company of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by you or any other participant.

20. **Electronic Delivery.** The Company may, in its sole discretion, decide to deliver any documents related to your current or future participation in the Plan by electronic means or to request your consent to participate in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

21. **Language.** If this Agreement or any other document related to the Plan is translated into a language other than English and the meaning of the translated version is different from the English version, the English version will take precedence.

22. **Appendix.** Notwithstanding any provisions in this Agreement, the Performance-Based Stock Units shall be subject to any special terms and conditions set forth in any Appendix to this Agreement for your country of residence. Moreover, if you relocate to one of the countries included in the Appendix, the special terms and conditions for such country will apply to you, to the extent the Company determines that the application of such terms and conditions is necessary or advisable in order to comply with local law or facilitate the administration of the Plan. The Appendix constitutes part of this Agreement.

23. **Committee Policies.** The Performance-Based Stock Units shall be subject to any special terms and conditions set forth in any applicable policy (and any amendments thereto) that the Committee (or a designee of the Committee) has adopted or will adopt in the future, including, but not limited to, any policy related to the vesting or transfer of equity awards.

24. **Imposition of Other Requirements.** The Company reserves the right to impose other requirements on your participation in the Plan, on the Performance-Based Stock Units and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable in order to comply with local law or facilitate the administration of the Plan. You agree to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing. Furthermore, you acknowledge that the laws of the country in which you are working at the time of grant, vesting and settlement of the Performance-Based Stock Units or the sale of Shares received pursuant to this Agreement (including any rules or regulations governing securities, foreign exchange, tax, labor, or other matters) may subject you to additional procedural or regulatory requirements that you are and will be solely responsible for and must fulfill.

25. **Acceptance of Agreement.** You may accept this Award either by (a) clicking on the "*I agree*" button below at any time before the Vest Date or (b) doing nothing and your Award will be automatically accepted on your behalf on the Vest Date.

\* \* \* \*

By accepting your Award in accordance with Section 25 of this Agreement, you agree to be bound by the terms and conditions of this Agreement.

**PLEASE PRINT AND KEEP A COPY FOR YOUR RECORDS**

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**Exhibit A**

**FORMULA FOR THE  
CISCO SYSTEMS, INC.  
PERFORMANCE-BASED STOCK UNIT AGREEMENT**

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**CISCO SYSTEMS, INC.  
STOCK UNIT AGREEMENT**

This Stock Unit Agreement (the "Agreement") is made and entered into as of the Grant Date (as defined below) by and between Cisco Systems, Inc., a \_\_\_\_\_ corporation (the "Company"), and you pursuant to the Cisco Systems, Inc. 2005 Stock Incentive Plan (the "Plan"). The material terms of this Stock Unit Award are as follows:

Employee ID: \_\_\_\_\_

Grant Date: \_\_\_\_\_

Grant Number: \_\_\_\_\_

Restricted Stock Units: \_\_\_\_\_

First Vest Date: \_\_\_\_\_

To the extent any capitalized terms used in this Agreement are not defined, they shall have the meaning ascribed to them in the Plan. In the event of a conflict between the terms and provisions of the Plan and the terms and provisions of this Agreement, the Plan terms and provisions shall prevail.

In consideration of the mutual agreements herein contained and intending to be legally bound hereby, and as a condition to and in consideration of the grant, vesting, and settlement of the Restricted Stock Units and your receipt of any Shares or any related benefit thereunder, the parties agree as follows:

1. **Restricted Stock Units.** Pursuant to the Plan, the Company hereby grants to you, and you hereby accept from the Company, Restricted Stock Units, each of which is a bookkeeping entry representing the equivalent in value of one (1) Share, on the terms and conditions set forth herein and in the Plan. By accepting (whether in writing, electronically or otherwise) the Restricted Stock Units, or by otherwise receiving the Restricted Stock Units, Shares, or any benefit relating thereto, you acknowledge that the Restricted Stock Units and any Shares issued thereunder and your participation in the Plan are subject to such terms and conditions, and you agree to such terms and conditions.

2. **Vesting of Restricted Stock Units.** So long as your Service continues, the Restricted Stock Units shall vest in accordance with the following schedule: [ ], unless otherwise provided by the Plan or Section 4 below. If you take a leave of absence, the Company may, at its discretion, suspend vesting during the period of leave or pro-rate the Restricted Stock Units to the extent permitted under the employment laws in the jurisdiction where you are providing Service or under the terms of your employment or service agreement, if any, notwithstanding the Company's Vesting Policy for Leaves of Absence.

3. **Termination of Service.** In the event of the termination of your Service for any reason (whether or not later found to be invalid or in breach of the employment laws in the jurisdiction where you are employed or providing Service, or the terms of your employment or service agreement, if any), all unvested Restricted Stock Units shall be immediately forfeited without consideration. For purposes of the preceding sentence, your right to vest in the Restricted Stock Units will terminate effective as of the date that you are no longer providing Service, and the Company shall have the exclusive discretion to determine when you are no longer providing Service for purposes of the Restricted Stock Units.

4. **Special Acceleration.**

(a) To the extent the Restricted Stock Units are outstanding at the time of a Corporate Transaction, such Restricted Stock Units shall automatically become vested in full immediately prior to the effective date of the Corporate Transaction. No such accelerated vesting, however, shall occur if and to the extent: (i) these Restricted Stock Units are, in connection with the Corporate Transaction, either assumed by the successor corporation (or parent thereof) or replaced with comparable restricted stock units of the successor corporation (or parent thereof) or (ii) these Restricted Stock Units are replaced with a cash incentive program of the successor corporation which complies with Code Section 409A and preserves the fair market value of the Restricted Stock Units at the time of the Corporate Transaction and provides for subsequent pay-out in accordance with the settlement provisions set forth in Section 5 below. The determination of the comparability of restricted stock units under clause (i) shall be made by the Committee, and such determination shall be final, binding and conclusive.

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(b) Immediately following the effective date of the Corporate Transaction, this Agreement shall terminate and cease to be outstanding, except as set forth in Section 5 below with respect to the deferred settlement of Restricted Stock Units or to the extent assumed by the successor corporation (or parent thereof) in connection with the Corporate Transaction.

(c) If this Agreement is assumed in connection with a Corporate Transaction, then the Committee shall appropriately adjust the number of units and the kind of shares or securities to be issued pursuant to this Agreement immediately after such Corporate Transaction.

(d) This Agreement shall not in any way affect the right of the Company to adjust, reclassify, reorganize or otherwise change its capital or business structure or to merge, consolidate, dissolve, liquidate, sell or transfer all or any part of its business or assets.

5. **Settlement of Restricted Stock Units.** To the extent you are eligible but have not elected to defer settlement of the Restricted Stock Units, the Restricted Stock Units shall be automatically settled in Shares upon vesting of such Restricted Stock Units, provided that the Company shall have no obligation to issue Shares pursuant to this Agreement unless and until you have satisfied any applicable Tax-Related Items, as described and defined in Section 6 below, and such issuance otherwise complies with all applicable laws. To the extent you are eligible but have elected to defer settlement of the Restricted Stock Units, the vested portion of the Restricted Stock Units shall be settled in Shares upon the earlier of: (a) your separation from service within the meaning of Code Section 409A (“Separation from Service”) and (b) the fixed payment date elected by you, if any, at the time of such deferral (which shall be the first business day of a year no earlier than six years after the year of the Grant Date in accordance with procedures approved by the Committee), provided that the Company shall have no obligation to issue Shares pursuant to this Agreement unless such issuance complies with all applicable law. Notwithstanding the foregoing, to the extent your Restricted Stock Units would otherwise be settled upon your Separation from Service, such settlement shall instead occur upon the Company's first business day following the six-month anniversary of your Separation from Service. Prior to the time that the Restricted Stock Units are settled, you shall have no rights other than those of a general creditor of the Company. The Restricted Stock Units represent an unfunded and unsecured obligation of the Company.

## 6. **Taxes.**

(a) Regardless of any action the Company or your employer (the “Employer”) takes with respect to any and all income tax, social taxes or insurance contributions, payroll tax, payment on account or other tax-related items related to your participation in the Plan and legally applicable to you (“Tax-Related Items”), and as a condition to and in consideration of the grant, vesting, and settlement of the Restricted Stock Units, you acknowledge that the ultimate liability for all Tax-Related Items with respect to the Restricted Stock Units is and remains your responsibility and may exceed the amount, if any, actually withheld by the Company or the Employer. You further acknowledge that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Restricted Stock Units, including the grant, vesting or settlement of the Restricted Stock Units, or the subsequent sale of any Shares acquired at vesting or the receipt of any dividends with respect to such Shares, and (ii) do not commit to and are under no obligation to structure the terms or any aspect of the Restricted Stock Units to reduce or eliminate your liability for Tax-Related Items or achieve any particular tax result. Further, if you become subject to taxation in more than one jurisdiction between the Grant Date and the date of any relevant taxable event, you acknowledge that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

(b) Prior to any relevant tax, withholding or required deduction event, as applicable, and in order to receive any Shares or other benefit in relation to the Restricted Stock Units, you agree to make arrangements satisfactory to the Company for the satisfaction of any applicable tax, withholding, required deduction and payment on account of any obligations of the Company and/or the Employer that arise in connection with the Restricted Stock Units. In this regard, you authorize the Company and/or the Employer, or their respective agents, at their discretion, to satisfy any obligations related to Tax-Related Items by one or a combination of the following: (1) withholding from your wages or other cash compensation payable to you by the Company or the Employer; (2) withholding from proceeds of the sale of Shares acquired upon settlement of the Restricted Stock Units either through a voluntary sale or through a mandatory sale arranged by the Company (on your behalf pursuant to this authorization); (3) withholding of Shares that would otherwise be issued upon settlement of the Restricted Stock Units; or (4) requiring you to satisfy the liability for Tax-Related Items by means of any other arrangement approved by the Company.

(c) If the obligation for Tax-Related Items is satisfied by withholding Shares, for tax purposes, you are deemed to have been issued the full number of Shares subject to the vested Restricted Stock Units, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items due as a result of any aspect of your participation in the Plan. You agree to provide the Company and/or its stock plan broker/administrator with the information necessary to manage your Tax-Related Items withholding and acknowledge that should you fail to provide such information on a timely basis, the Company and/or its stock plan broker/administrator may be obligated to withhold amounts from you and it may be necessary for you to seek a refund directly from the tax authorities. Depending on the withholding method, the Company or Employer may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates, including maximum applicable rates.

(d) Finally, you will pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of your participation in the Plan or your acquisition of Shares that cannot be

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satisfied by the means previously described. The Company shall not be required to issue or deliver Shares pursuant to this Agreement unless and until such obligations are satisfied.

7. **Tax and Legal Advice.** You represent, warrant and acknowledge that neither the Company nor your Employer have made any warranties or representations to you with respect to any Tax-Related Items, legal or financial consequences of the transactions contemplated by this Agreement, and you are in no manner relying on the Company, the Employer or the Company's or the Employer's representatives for an assessment of such consequences. YOU UNDERSTAND THAT THE LAWS GOVERNING THIS AWARD ARE SUBJECT TO CHANGE. YOU SHOULD CONSULT YOUR OWN PROFESSIONAL TAX, LEGAL AND FINANCIAL ADVISOR REGARDING ANY RESTRICTED STOCK UNITS. YOU UNDERSTAND THAT THE COMPANY AND THE EMPLOYER ARE NOT PROVIDING ANY TAX, LEGAL, OR FINANCIAL ADVICE, NOR IS THE COMPANY OR THE EMPLOYER MAKING ANY RECOMMENDATION REGARDING YOUR ACCEPTANCE OF THIS AWARD. NOTHING STATED HEREIN IS INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, FOR THE PURPOSE OF AVOIDING TAXPAYER OR OTHER PENALTIES.

8. **Non-Transferability of Restricted Stock Units.** Restricted Stock Units shall not be anticipated, assigned, attached, garnished, optioned, transferred or made subject to any creditor's process, whether voluntarily or involuntarily or by operation of law.

9. **Restriction on Transfer.** Regardless of whether the transfer or issuance of the Shares to be issued pursuant to the Restricted Stock Units has been registered under the Securities Act or has been registered or qualified under the securities laws of any state, the Company may impose additional restrictions upon the sale, pledge, or other transfer of the Shares (including the placement of appropriate legends on stock certificates and the issuance of stop-transfer instructions to the Company's transfer agent) if, in the judgment of the Company and the Company's counsel, such restrictions are necessary in order to achieve compliance with the provisions of the Securities Act, the securities laws of any state, or any other law, including all applicable foreign laws.

10. **Restrictive Legends and Stop-Transfer Instructions.** Stock certificates evidencing the Shares issued pursuant to the Restricted Stock Units may bear such restrictive legends and/or appropriate stop-transfer instructions may be issued to the Company's transfer agent as the Company and the Company's counsel deem necessary under applicable law or pursuant to this Agreement.

11. **Representations, Warranties, Covenants, and Acknowledgments.** You hereby agree that in the event the Company and the Company's counsel deem it necessary or advisable in the exercise of their discretion, the transfer or issuance of the Shares issued pursuant to the Restricted Stock Units may be conditioned upon you making certain representations, warranties, and acknowledgments relating to compliance with applicable laws.

[12. **Voting, Dividend and Other Rights.** Subject to the terms of this Agreement and except as set forth below, you shall not have any voting rights or any other rights and privileges of a shareholder of the Company unless and until the Restricted Stock Units are settled in Shares. To the extent you have elected to defer settlement of the Restricted Stock Units, dividend equivalents shall only accrue after the vesting of the Restricted Stock Units and will be subject to the same conditions and restrictions as the Restricted Stock Units to which they attach as set forth in the Plan or this Agreement and will be settled in additional Shares upon the settlement of the Restricted Stock Units as set forth in Section 5 above.]

[12. **Voting, Dividend and Other Rights.** Subject to the terms of this Agreement and except as set forth below, you shall not have any voting rights or any other rights and privileges of a shareholder of the Company unless and until the Restricted Stock Units are settled in Shares. Dividend equivalents shall accrue on the Restricted Stock Units and will be subject to the same conditions and restrictions as the Restricted Stock Units to which they attach as set forth in the Plan or this Agreement and to the extent vested will be settled in additional Shares upon the settlement of the Restricted Stock Units as set forth in Section 5 above.]

13. **Authorization to Release and Transfer Necessary Personal Information.**

(a) *You hereby explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of your personal information as described in this Agreement by and among, as applicable, the Employer, and the Company and its Parent, Subsidiaries and Affiliates for the exclusive purpose of implementing, administering and managing your participation in the Plan.*

(b) *You understand that the Company and the Employer may hold certain personal information about you, including, but not limited to, your name, home address and telephone number, date of birth, social insurance number (or any other social or national identification number), salary, nationality, job title, residency status, any Shares or directorships held in the Company, details of all Restricted Stock Units or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding (the "Data") for the purpose of implementing, administering and managing your participation in the Plan. You understand that the Data may be transferred to the Company or any of its Parent, Subsidiaries or Affiliates, or to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in your country or elsewhere, including outside the European Economic Area, and that the recipient's country (e.g., the United States) may have different data privacy laws and protections than your country. You understand that you may request a list with the names and addresses of any potential recipients of the Data by contacting your local human resources representative. You authorize the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for*

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*the sole purposes of implementing, administering and managing your participation in the Plan, including any requisite transfer of such Data to a broker or other third party assisting with the administration of these Restricted Stock Units under the Plan or with whom Shares acquired pursuant to these Restricted Stock Units or cash from the sale of such Shares may be deposited. Furthermore, you acknowledge and understand that the transfer of the Data to the Company or any of its Parent, Subsidiaries or Affiliates, or to any third parties is necessary for your participation in the Plan.*

(c) *You understand that the Data will be held only as long as is necessary to implement, administer and manage your participation in the Plan. You understand that you may, at any time, view the Data, request additional information about the storage and processing of the Data, require any necessary amendments to the Data or refuse or withdraw the consents herein by contacting your local human resources representative in writing. Further, you understand that you are providing the consents herein on a purely voluntary basis. If you do not consent, or if you later seek to revoke your consent, your employment status or service and career with the Employer will not be affected; the only consequence of refusing or withdrawing your consent is that the Company would not be able to grant you Restricted Stock Units or other equity awards, or administer or maintain such awards. You further acknowledge that withdrawal of consent may affect your ability to vest in or realize benefits from these Restricted Stock Units and your ability to participate in the Plan. For more information on the consequences of your refusal to consent or withdrawal of consent, you understand that you may contact your local human resources representative.*

(d) *The collection, use and transfer of Data for the purpose of implementing, administering and managing your participation in the Plan is conducted in accordance with the Company's Global HR Data Protection Policy.*

14. **No Entitlement or Claims for Compensation.** As a condition to, and in consideration of, the grant, vesting, and settlement of the Restricted Stock Units, and in receiving the Restricted Stock Units, Shares, or any benefit relating to the Restricted Stock Units, you acknowledge and agree that:

(a) Your rights, if any, in respect of or in connection with these Restricted Stock Units or any other Award are derived solely from the discretionary decision of the Company to permit you to participate in the Plan and to benefit from a discretionary Award. The Plan may be amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan and this Agreement.

(b) the grant of the Restricted Stock Units is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of Restricted Stock Units, even if Restricted Stock Units have been granted in the past. By accepting these Restricted Stock Units, you expressly acknowledge that there is no obligation on the part of the Company to continue the Plan and/or grant any additional Restricted Stock Units to you or benefits in lieu of Restricted Stock Units. All decisions with respect to future grants of Restricted Stock Units, if any, will be at the sole discretion of the Committee.

(c) The Restricted Stock Units and the Shares subject to the Restricted Stock Units and the income and value of the same are not intended to replace any pension rights or compensation and are not to be considered compensation of a continuing or recurring nature, or part of your normal or expected compensation, and in no way represent any portion of your salary, compensation or other remuneration for any purpose, including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end of service payments, bonuses, long-service awards, leave-related payments, holiday pay, pension, retirement or welfare benefits or similar payments, and in no event should be considered as compensation for, or relating in any way to, past services for the Company, the Employer or any Parent, Subsidiary or Affiliate. The value of the Restricted Stock Units is an extraordinary item that does not constitute compensation of any kind for services of any kind rendered to the Company, the Employer or any Parent, Subsidiary or Affiliate and which is outside the scope of your written employment or service agreement (if any).

(d) You acknowledge that you are voluntarily participating in the Plan.

(e) Neither the Plan nor these Restricted Stock Units or any other Award granted under the Plan shall be deemed to give you a right to remain an Employee, Consultant or director of the Company, a Parent, Subsidiary or an Affiliate. The Employer reserves the right to terminate your Service at any time, with or without cause, and for any reason.

(f) The grant of the Restricted Stock Units and your participation in the Plan will not be interpreted to form or amend an employment contract or service relationship with the Company, the Employer or any Parent, Subsidiary or Affiliate.

(g) The future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty and if you vest in the Restricted Stock Units and are issued Shares, the value of those Shares may increase or decrease. You also understand that none of the Company, the Employer or any Parent, Subsidiary or Affiliate is responsible for any foreign exchange fluctuation between the Employer's local currency and the United States Dollar that may affect the value of this Award.

(h) No claim or entitlement to compensation or damages shall arise from forfeiture of the Restricted Stock Units resulting from the termination of your Service by the Company or the Employer (for any reason whatsoever and whether or not later found to be invalid or in breach of the employment laws in the jurisdiction where you are employed or providing Service, or the terms of your

employment or service agreement, if any) and, in consideration of the grant of the Award to which you are not otherwise entitled, you irrevocably agree never to institute any claim against the Employer, the Company or its Parent, Subsidiaries or Affiliates, waive your ability, if any, to bring any such claim, and release the Company and its Parent, Subsidiaries and Affiliates from any such claim; if notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by accepting the Award, you shall be deemed irrevocably to have agreed to not pursue such claim and agree to execute any and all documents necessary to request the withdrawal of such claim.

(i) You agree that the Company may require Shares received pursuant to the Restricted Stock Units to be held by a broker designated by the Company.

(j) You agree that your rights hereunder (if any) shall be subject to set-off by the Company for any valid debts you owe the Company.

(k) Unless otherwise provided in the Plan or this Agreement, or by the Company in its discretion, the Restricted Stock Units and the benefits evidenced by this Agreement do not create any entitlement to have the Restricted Stock Units transferred to, or assumed by, another company, nor to be exchanged, cashed out or substituted for in connection with any Corporate Transaction affecting the Common Stock.

15. **Governing Law and Forum.** This Agreement shall be governed by and construed in accordance with the laws of the State of California without regard to the conflict of laws principles thereof. For purposes of litigating any dispute that may arise directly or indirectly from this Agreement, the parties hereby submit and consent to litigation in the exclusive jurisdiction of the State of California and agree that any such litigation shall be conducted only in the courts of California or the federal courts for the United States for the Northern District of California and no other courts.

16. **Notices.** Any notice required or permitted under the terms of this Agreement shall be in writing and shall be deemed sufficient when delivered personally or sent by confirmed email, telegram, or fax or forty-eight (48) hours after being deposited in the mail, as certified or registered mail, with postage prepaid, and addressed to the Company at the Company's principal corporate offices or to you at the address maintained for you in the Company's records or, in either case, as subsequently modified by written notice to the other party.

17. **Binding Effect.** Subject to the limitations set forth in this Agreement, this Agreement shall be binding upon, and inure to the benefit of, the executors, administrators, heirs, legal representatives, successors, and assigns of the parties hereto.

18. **Severability.** If any provision of this Agreement is held to be unenforceable for any reason, it shall be adjusted rather than voided, if possible, in order to achieve the intent of the parties to the extent possible. In any event, all other provisions of this Agreement shall be deemed valid and enforceable to the full extent possible.

19. **Waiver.** You agree that a waiver by the Company of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by you or any other participant.

20. **Electronic Delivery.** The Company may, in its sole discretion, decide to deliver any documents related to your current or future participation in the Plan by electronic means or to request your consent to participate in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

21. **Language.** If this Agreement or any other document related to the Plan is translated into a language other than English and the meaning of the translated version is different from the English version, the English version will take precedence.

22. **Exchange Control, Tax And/Or Foreign Asset/Account Reporting.** You acknowledge that there may be exchange control, tax, foreign asset and/or account reporting requirements which may affect your ability to acquire or hold Shares acquired under the Plan or cash received from participating in the Plan (including from any dividends paid on Shares acquired under the Plan) in a brokerage/bank account or legal entity outside your country. You may be required to report such accounts, assets, the balances therein, the value thereof and/or the transactions related thereto to the tax or other authorities in your country. You also may be required to repatriate sale proceeds or other funds received as a result of your participation in the Plan to your country through a designated bank or broker within a certain time after receipt. You acknowledge that it is your responsibility to be compliant with such regulations and you should consult your personal legal advisor for any details.

23. **Appendix.** Notwithstanding any provisions in this Agreement, the Restricted Stock Units shall be subject to any special terms and conditions set forth in any Appendix to this Agreement for your country of residence. Moreover, if you relocate to one of the countries included in the Appendix, the special terms and conditions for such country will apply to you, to the extent the Company determines that the application of such terms and conditions is necessary or advisable in order to comply with local law or facilitate the administration of the Plan. The Appendix constitutes part of this Agreement.

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24. **Committee Policies.** The Restricted Stock Units shall be subject to any special terms and conditions set forth in any applicable policy (and any amendments thereto) that the Committee (or a designee of the Committee) has adopted or will adopt in the future, including, but not limited to, any policy related to the vesting or transfer of equity awards.

25. **Imposition of Other Requirements.** The Company reserves the right to impose other requirements on your participation in the Plan, on the Restricted Stock Units and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable in order to comply with local law or facilitate the administration of the Plan. You agree to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing. Furthermore, you acknowledge that the laws of the country in which you are working at the time of grant, vesting and settlement of the Restricted Stock Units or the sale of Shares received pursuant to this Agreement (including any rules or regulations governing securities, foreign exchange, tax, labor, or other matters) may subject you to additional procedural or regulatory requirements that you are and will be solely responsible for and must fulfill.

26. **Acceptance of Agreement.** You may accept this Award either by (a) clicking on the “*I agree*” button below at any time before the First Vest Date or (b) doing nothing and your Award will be automatically accepted on your behalf on the First Vest Date.

\* \* \* \*

By accepting your Award in accordance with Section 26 of this Agreement, you agree to be bound by the terms and conditions of this Agreement.

**PLEASE PRINT AND KEEP A COPY FOR YOUR RECORDS**

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**CISCO SYSTEMS, INC.**  
**STOCK UNIT AGREEMENT**

This Stock Unit Agreement (the "Agreement") is made and entered into as of the Grant Date (as defined below) by and between Cisco Systems, Inc., a California corporation (the "Company"), and you pursuant to the Cisco Systems, Inc. 2005 Stock Incentive Plan (the "Plan"). The material terms of this Stock Unit Award are as follows:

Employee ID: \_\_\_\_\_

Grant Date: \_\_\_\_\_

Grant Number: \_\_\_\_\_

Restricted Stock Units: \_\_\_\_\_

First Vest Date: \_\_\_\_\_

To the extent any capitalized terms used in this Agreement are not defined, they shall have the meaning ascribed to them in the Plan. In the event of a conflict between the terms and provisions of the Plan and the terms and provisions of this Agreement, the Plan terms and provisions shall prevail.

In consideration of the mutual agreements herein contained and intending to be legally bound hereby, and as a condition to and in consideration of the grant, vesting, and settlement of the Restricted Stock Units and your receipt of any Shares or any related benefit thereunder, the parties agree as follows:

1. **Restricted Stock Units.** Pursuant to the Plan, the Company hereby grants to you, and you hereby accept from the Company, Restricted Stock Units, each of which is a bookkeeping entry representing the equivalent in value of one (1) Share, on the terms and conditions set forth herein and in the Plan. By accepting (whether in writing, electronically or otherwise) the Restricted Stock Units, or by otherwise receiving the Restricted Stock Units, Shares, or any benefit relating thereto, you acknowledge that the Restricted Stock Units and any Shares issued thereunder and your participation in the Plan are subject to such terms and conditions, and you agree to such terms and conditions.
2. **Vesting of Restricted Stock Units.** So long as your Service continues, the Restricted Stock Units shall vest in accordance with the following schedule: [ ], unless otherwise provided by the Plan or Section 4 below. If you take a leave of absence, the Company may, at its discretion, suspend vesting during the period of leave or pro-rate the Restricted Stock Units to the extent permitted under the employment laws in the jurisdiction where you are providing Service or under the terms of your employment or service agreement, if any, notwithstanding the Company's Vesting Policy for Leaves of Absence.
3. **Termination of Service.** In the event of the termination of your Service for any reason (whether or not later found to be invalid or in breach of the employment laws in the jurisdiction where you are employed or providing Service, or the terms of your employment or service agreement, if any), all unvested Restricted Stock Units shall be immediately forfeited without consideration. For purposes of the preceding sentence, your right to vest in the Restricted Stock Units will terminate effective as of the date that you are no longer providing Service, and the Company shall have the exclusive discretion to determine when you are no longer providing Service for purposes of the Restricted Stock Units.
4. **Special Acceleration.**
  - (a) To the extent the Restricted Stock Units are outstanding at the time of a Corporate Transaction, such Restricted Stock Units shall automatically become vested in full immediately prior to the effective date of the Corporate Transaction. No such accelerated vesting, however, shall occur if and to the extent: (i) these Restricted Stock Units are, in connection with the Corporate Transaction, either assumed by the successor corporation (or parent thereof) or replaced with comparable restricted stock units of the successor corporation (or parent thereof) or (ii) these Restricted Stock Units are replaced with a cash incentive program of the successor corporation which complies with Code Section 409A and preserves the fair market value of the Restricted Stock Units at the time of the Corporate Transaction and provides for subsequent pay-out in accordance with the settlement provisions set forth in Section 5 below. The determination of the comparability of restricted stock units under clause (i) shall be made by the Committee, and such determination shall be final, binding and conclusive.

(b) Immediately following the effective date of the Corporate Transaction, this Agreement shall terminate and cease to be outstanding, except as set forth in Section 5 below with respect to the deferred settlement of Restricted Stock Units or to the extent assumed by the successor corporation (or parent thereof) in connection with the Corporate Transaction.

(c) If this Agreement is assumed in connection with a Corporate Transaction, then the Committee shall appropriately adjust the number of units and the kind of shares or securities to be issued pursuant to this Agreement immediately after such Corporate Transaction.

(d) This Agreement shall not in any way affect the right of the Company to adjust, reclassify, reorganize or otherwise change its capital or business structure or to merge, consolidate, dissolve, liquidate, sell or transfer all or any part of its business or assets.

5. **Settlement of Restricted Stock Units.** To the extent you are eligible but have not elected to defer settlement of the Restricted Stock Units, the Restricted Stock Units shall be automatically settled in Shares upon vesting of such Restricted Stock Units, provided that the Company shall have no obligation to issue Shares pursuant to this Agreement unless and until you have satisfied any applicable Tax-Related Items, as described and defined in Section 6 below, and such issuance otherwise complies with all applicable laws. To the extent you are eligible but have elected to defer settlement of the Restricted Stock Units, the vested portion of the Restricted Stock Units shall be settled in Shares upon the earlier of: (a) your separation from service within the meaning of Code Section 409A (“Separation from Service”) and (b) the fixed payment date elected by you, if any, at the time of such deferral (which shall be the first business day of a year no earlier than six years after the year of the Grant Date in accordance with procedures approved by the Committee), provided that the Company shall have no obligation to issue Shares pursuant to this Agreement unless such issuance complies with all applicable law. Notwithstanding the foregoing, to the extent your Restricted Stock Units would otherwise be settled upon your Separation from Service, such settlement shall instead occur upon the Company's first business day following the six-month anniversary of your Separation from Service. Prior to the time that the Restricted Stock Units are settled, you shall have no rights other than those of a general creditor of the Company. The Restricted Stock Units represent an unfunded and unsecured obligation of the Company.

6. **Taxes.**

(a) Regardless of any action the Company or your employer (the “Employer”) takes with respect to any and all income tax, social taxes or insurance contributions, payroll tax, payment on account or other tax-related items related to your participation in the Plan and legally applicable to you (“Tax-Related Items”), and as a condition to and in consideration of the grant, vesting, and settlement of the Restricted Stock Units, you acknowledge that the ultimate liability for all Tax-Related Items with respect to the Restricted Stock Units is and remains your responsibility and may exceed the amount, if any, actually withheld by the Company or the Employer. You further acknowledge that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Restricted Stock Units, including the grant, vesting or settlement of the Restricted Stock Units, or the subsequent sale of any Shares acquired at vesting or the receipt of any dividends with respect to such Shares, and (ii) do not commit to and are under no obligation to structure the terms or any aspect of the Restricted Stock Units to reduce or eliminate your liability for Tax-Related Items or achieve any particular tax result. Further, if you become subject to taxation in more than one jurisdiction between the Grant Date and the date of any relevant taxable event, you acknowledge that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

(b) Prior to any relevant tax, withholding or required deduction event, as applicable, and in order to receive any Shares or other benefit in relation to the Restricted Stock Units, you agree to make arrangements satisfactory to the Company for the satisfaction of any applicable tax, withholding, required deduction and payment on account of any obligations of the Company and/or the Employer that arise in connection with the Restricted Stock Units. In this regard, you authorize the Company and/or the Employer, or their respective agents, at their discretion, to satisfy any obligations related to Tax-Related Items by one or a combination of the following: (1) withholding from your wages or other cash compensation payable to you by the Company or the Employer; (2) withholding from proceeds of the sale of Shares acquired upon settlement of the Restricted Stock Units either through a voluntary sale or through a mandatory sale arranged by the Company (on your behalf pursuant to this authorization); (3) withholding of Shares that would otherwise be issued upon settlement of the Restricted Stock Units; or (4) requiring you to satisfy the liability for Tax-Related Items by means of any other arrangement approved by the Company.

(c) If the obligation for Tax-Related Items is satisfied by withholding Shares, for tax purposes, you are deemed to have been issued the full number of Shares subject to the vested Restricted Stock Units, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items due as a result of any aspect of your participation in the Plan. You agree to provide the Company and/or its stock plan broker/administrator with the information necessary to manage your Tax-Related Items withholding and acknowledge that should you fail to provide such information on a timely basis, the Company and/or its stock plan broker/administrator may be obligated to withhold amounts from you and it may be necessary for you to seek a refund directly from the tax authorities. Depending on the withholding method, the Company or Employer may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates, including maximum applicable rates.

(d) Finally, you will pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of your participation in the Plan or your acquisition of Shares that cannot be satisfied by the means previously described. The Company shall not be required to issue or deliver Shares pursuant to this Agreement unless and until such obligations are satisfied.

7. **Tax and Legal Advice.** You represent, warrant and acknowledge that neither the Company nor your Employer have made any warranties or representations to you with respect to any Tax-Related Items, legal or financial consequences of the transactions contemplated by this Agreement, and you are in no manner relying on the Company, the Employer or the Company's or the Employer's representatives for an assessment of such consequences. YOU UNDERSTAND THAT THE LAWS GOVERNING

THIS AWARD ARE SUBJECT TO CHANGE. YOU SHOULD CONSULT YOUR OWN PROFESSIONAL TAX, LEGAL AND FINANCIAL ADVISOR REGARDING ANY RESTRICTED STOCK UNITS. YOU UNDERSTAND THAT THE COMPANY AND THE EMPLOYER ARE NOT PROVIDING ANY TAX, LEGAL, OR FINANCIAL ADVICE, NOR IS THE COMPANY OR THE EMPLOYER MAKING ANY RECOMMENDATION REGARDING YOUR ACCEPTANCE OF THIS AWARD. NOTHING STATED HEREIN IS INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, FOR THE PURPOSE OF AVOIDING TAXPAYER OR OTHER PENALTIES.

8. **Non-Transferability of Restricted Stock Units.** Restricted Stock Units shall not be anticipated, assigned, attached, garnished, optioned, transferred or made subject to any creditor's process, whether voluntarily or involuntarily or by operation of law.

9. **Restriction on Transfer.** Regardless of whether the transfer or issuance of the Shares to be issued pursuant to the Restricted Stock Units has been registered under the Securities Act or has been registered or qualified under the securities laws of any state, the Company may impose additional restrictions upon the sale, pledge, or other transfer of the Shares (including the placement of appropriate legends on stock certificates and the issuance of stop-transfer instructions to the Company's transfer agent) if, in the judgment of the Company and the Company's counsel, such restrictions are necessary in order to achieve compliance with the provisions of the Securities Act, the securities laws of any state, or any other law, including all applicable foreign laws.

10. **Restrictive Legends and Stop-Transfer Instructions.** Stock certificates evidencing the Shares issued pursuant to the Restricted Stock Units may bear such restrictive legends and/or appropriate stop-transfer instructions may be issued to the Company's transfer agent as the Company and the Company's counsel deem necessary under applicable law or pursuant to this Agreement.

11. **Representations, Warranties, Covenants, and Acknowledgments.** You hereby agree that in the event the Company and the Company's counsel deem it necessary or advisable in the exercise of their discretion, the transfer or issuance of the Shares issued pursuant to the Restricted Stock Units may be conditioned upon you making certain representations, warranties, and acknowledgments relating to compliance with applicable laws.

12. **Voting, Dividend and Other Rights.** Subject to the terms of this Agreement and except as set forth below, you shall not have any voting rights or any other rights and privileges of a shareholder of the Company unless and until the Restricted Stock Units are settled in Shares. To the extent you have elected to defer settlement of the Restricted Stock Units, dividend equivalents shall only accrue after the vesting of the Restricted Stock Units and will be subject to the same conditions and restrictions as the Restricted Stock Units to which they attach as set forth in the Plan or this Agreement and will be settled in additional Shares upon the settlement of the Restricted Stock Units as set forth in Section 5 above.

13. **Authorization to Release and Transfer Necessary Personal Information.**

(a) *You hereby explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of your personal information as described in this Agreement by and among, as applicable, the Employer, and the Company and its Parent, Subsidiaries and Affiliates for the exclusive purpose of implementing, administering and managing your participation in the Plan.*

(b) *You understand that the Company and the Employer may hold certain personal information about you, including, but not limited to, your name, home address and telephone number, date of birth, social insurance number (or any other social or national identification number), salary, nationality, job title, residency status, any Shares or directorships held in the Company, details of all Restricted Stock Units or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding (the "Data") for the purpose of implementing, administering and managing your participation in the Plan. You understand that the Data may be transferred to the Company or any of its Parent, Subsidiaries or Affiliates, or to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in your country or elsewhere, including outside the European Economic Area, and that the recipient's country (e.g., the United States) may have different data privacy laws and protections than your country. You understand that you may request a list with the names and addresses of any potential recipients of the Data by contacting your local human resources representative. You authorize the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purposes of implementing, administering and managing your participation in the Plan, including any requisite transfer of such Data to a broker or other third party assisting with the administration of these Restricted Stock Units under the Plan or with whom Shares acquired pursuant to these Restricted Stock Units or cash from the sale of such Shares may be deposited. Furthermore, you acknowledge and understand that the transfer of the Data to the Company or any of its Parent, Subsidiaries or Affiliates, or to any third parties is necessary for your participation in the Plan.*

(c) *You understand that the Data will be held only as long as is necessary to implement, administer and manage your participation in the Plan. You understand that you may, at any time, view the Data, request additional information about the storage and processing of the Data, require any necessary amendments to the Data or refuse or withdraw the consents herein by contacting your local human resources representative in writing. Further, you understand that you are providing the consents herein on a purely voluntary basis. If you do not consent, or if you later seek to revoke your consent, your employment status or service and career with the Employer will not be affected; the only consequence of refusing or withdrawing your consent is that the Company would not be able to grant you Restricted Stock Units or other equity awards, or administer or maintain such awards. You further acknowledge that withdrawal of consent may affect your ability to vest in or realize benefits from these Restricted Stock Units and your ability to participate in the Plan. For more information on the consequences of your refusal to consent or withdrawal of consent, you understand that you may contact your local human resources representative.*

(d) *The collection, use and transfer of Data for the purpose of implementing, administering and managing your participation in the Plan is conducted in accordance with the Company's Global HR Data Protection Policy.*

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14. **No Entitlement or Claims for Compensation.** As a condition to, and in consideration of, the grant, vesting, and settlement of the Restricted Stock Units, and in receiving the Restricted Stock Units, Shares, or any benefit relating to the Restricted Stock Units, you acknowledge and agree that:

(a) Your rights, if any, in respect of or in connection with these Restricted Stock Units or any other Award are derived solely from the discretionary decision of the Company to permit you to participate in the Plan and to benefit from a discretionary Award. The Plan may be amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan and this Agreement.

(b) the grant of the Restricted Stock Units is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of Restricted Stock Units, even if Restricted Stock Units have been granted in the past. By accepting these Restricted Stock Units, you expressly acknowledge that there is no obligation on the part of the Company to continue the Plan and/or grant any additional Restricted Stock Units to you or benefits in lieu of Restricted Stock Units. All decisions with respect to future grants of Restricted Stock Units, if any, will be at the sole discretion of the Committee.

(c) The Restricted Stock Units and the Shares subject to the Restricted Stock Units and the income and value of the same are not intended to replace any pension rights or compensation and are not to be considered compensation of a continuing or recurring nature, or part of your normal or expected compensation, and in no way represent any portion of your salary, compensation or other remuneration for any purpose, including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end of service payments, bonuses, long-service awards, leave-related payments, holiday pay, pension, retirement or welfare benefits or similar payments, and in no event should be considered as compensation for, or relating in any way to, past services for the Company, the Employer or any Parent, Subsidiary or Affiliate. The value of the Restricted Stock Units is an extraordinary item that does not constitute compensation of any kind for services of any kind rendered to the Company, the Employer or any Parent, Subsidiary or Affiliate and which is outside the scope of your written employment or service agreement (if any).

(d) You acknowledge that you are voluntarily participating in the Plan.

(e) Neither the Plan nor these Restricted Stock Units or any other Award granted under the Plan shall be deemed to give you a right to remain an Employee, Consultant or director of the Company, a Parent, Subsidiary or an Affiliate. The Employer reserves the right to terminate your Service at any time, with or without cause, and for any reason.

(f) The grant of the Restricted Stock Units and your participation in the Plan will not be interpreted to form or amend an employment contract or service relationship with the Company, the Employer or any Parent, Subsidiary or Affiliate.

(g) The future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty and if you vest in the Restricted Stock Units and are issued Shares, the value of those Shares may increase or decrease. You also understand that none of the Company, the Employer or any Parent, Subsidiary or Affiliate is responsible for any foreign exchange fluctuation between the Employer's local currency and the United States Dollar that may affect the value of this Award.

(h) No claim or entitlement to compensation or damages shall arise from forfeiture of the Restricted Stock Units resulting from the termination of your Service by the Company or the Employer (for any reason whatsoever and whether or not later found to be invalid or in breach of the employment laws in the jurisdiction where you are employed or providing Service, or the terms of your employment or service agreement, if any) and, in consideration of the grant of the Award to which you are not otherwise entitled, you irrevocably agree never to institute any claim against the Employer, the Company or its Parent, Subsidiaries or Affiliates, waive your ability, if any, to bring any such claim, and release the Company and its Parent, Subsidiaries and Affiliates from any such claim; if notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by accepting the Award, you shall be deemed irrevocably to have agreed to not pursue such claim and agree to execute any and all documents necessary to request the withdrawal of such claim.

(i) You agree that the Company may require Shares received pursuant to the Restricted Stock Units to be held by a broker designated by the Company.

(j) You agree that your rights hereunder (if any) shall be subject to set-off by the Company for any valid debts you owe the Company.

(k) Unless otherwise provided in the Plan or this Agreement, or by the Company in its discretion, the Restricted Stock Units and the benefits evidenced by this Agreement do not create any entitlement to have the Restricted Stock Units transferred to, or assumed by, another company, nor to be exchanged, cashed out or substituted for in connection with any Corporate Transaction affecting the Common Stock.

15. **Governing Law and Forum.** This Agreement shall be governed by and construed in accordance with the laws of the State of California without regard to the conflict of laws principles thereof. For purposes of litigating any dispute that may arise directly or indirectly from this Agreement, the parties hereby submit and consent to litigation in the exclusive jurisdiction of the State of California and agree that any such litigation shall be conducted only in the courts of California or the federal courts for the United States for the Northern District of California and no other courts.

16. **Notices.** Any notice required or permitted under the terms of this Agreement shall be in writing and shall be deemed sufficient when delivered personally or sent by confirmed email, telegram, or fax or forty-eight (48) hours after being deposited in the mail, as certified or registered mail, with postage prepaid, and addressed to the Company at the Company's principal corporate offices or to you at the address maintained for you in the Company's records or, in either case, as subsequently modified by written notice to the other party.

17. **Binding Effect.** Subject to the limitations set forth in this Agreement, this Agreement shall be binding upon, and inure to the benefit of, the executors, administrators, heirs, legal representatives, successors, and assigns of the parties hereto.

18. **Severability.** If any provision of this Agreement is held to be unenforceable for any reason, it shall be adjusted rather than voided, if possible, in order to achieve the intent of the parties to the extent possible. In any event, all other provisions of this Agreement shall be deemed valid and enforceable to the full extent possible.

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19. **Waiver.** You agree that a waiver by the Company of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by you or any other participant.

20. **Electronic Delivery.** The Company may, in its sole discretion, decide to deliver any documents related to your current or future participation in the Plan by electronic means or to request your consent to participate in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

21. **Language.** If this Agreement or any other document related to the Plan is translated into a language other than English and the meaning of the translated version is different from the English version, the English version will take precedence.

22. **Exchange Control, Tax And/Or Foreign Asset/Account Reporting.** You acknowledge that there may be exchange control, tax, foreign asset and/or account reporting requirements which may affect your ability to acquire or hold Shares acquired under the Plan or cash received from participating in the Plan (including from any dividends paid on Shares acquired under the Plan) in a brokerage/bank account or legal entity outside your country. You may be required to report such accounts, assets, the balances therein, the value thereof and/or the transactions related thereto to the tax or other authorities in your country. You also may be required to repatriate sale proceeds or other funds received as a result of your participation in the Plan to your country through a designated bank or broker within a certain time after receipt. You acknowledge that it is your responsibility to be compliant with such regulations and you should consult your personal legal advisor for any details.

23. **Appendix.** Notwithstanding any provisions in this Agreement, the Restricted Stock Units shall be subject to any special terms and conditions set forth in any Appendix to this Agreement for your country of residence. Moreover, if you relocate to one of the countries included in the Appendix, the special terms and conditions for such country will apply to you, to the extent the Company determines that the application of such terms and conditions is necessary or advisable in order to comply with local law or facilitate the administration of the Plan. The Appendix constitutes part of this Agreement.

24. **Committee Policies.** The Restricted Stock Units shall be subject to any special terms and conditions set forth in any applicable policy (and any amendments thereto) that the Committee (or a designee of the Committee) has adopted or will adopt in the future, including, but not limited to, any policy related to the vesting or transfer of equity awards.

25. **Imposition of Other Requirements.** The Company reserves the right to impose other requirements on your participation in the Plan, on the Restricted Stock Units and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable in order to comply with local law or facilitate the administration of the Plan. You agree to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing. Furthermore, you acknowledge that the laws of the country in which you are working at the time of grant, vesting and settlement of the Restricted Stock Units or the sale of Shares received pursuant to this Agreement (including any rules or regulations governing securities, foreign exchange, tax, labor, or other matters) may subject you to additional procedural or regulatory requirements that you are and will be solely responsible for and must fulfill.

26. **Acceptance of Agreement.** You may accept this Award either by (a) clicking on the “*I agree*” button below at any time before the First Vest Date or (b) doing nothing and your Award will be automatically accepted on your behalf on the First Vest Date.

\* \* \* \*

By accepting your Award in accordance with Section 26 of this Agreement, you agree to be bound by the terms and conditions of this Agreement.

**PLEASE PRINT AND KEEP A COPY FOR YOUR RECORDS**

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**CISCO SYSTEMS, INC.**  
**STOCK UNIT AGREEMENT**

This Stock Unit Agreement (the “Agreement”) is made and entered into as of the Grant Date (as defined below) by and between Cisco Systems, Inc., a California corporation (the “Company”), and you pursuant to the Cisco Systems, Inc. 2005 Stock Incentive Plan (the “Plan”). The material terms of this Stock Unit Award are as follows:

Employee ID: \_\_\_\_\_

Grant Date: \_\_\_\_\_

Grant Number: \_\_\_\_\_

Restricted Stock Units: \_\_\_\_\_

First Vest Date: \_\_\_\_\_

To the extent any capitalized terms used in this Agreement are not defined, they shall have the meaning ascribed to them in the Plan. In the event of a conflict between the terms and provisions of the Plan and the terms and provisions of this Agreement, the Plan terms and provisions shall prevail.

In consideration of the mutual agreements herein contained and intending to be legally bound hereby, and as a condition to and in consideration of the grant, vesting, and settlement of the Restricted Stock Units and your receipt of any Shares or any related benefit thereunder, the parties agree as follows:

1. **Restricted Stock Units.** Pursuant to the Plan, the Company hereby grants to you, and you hereby accept from the Company, Restricted Stock Units, each of which is a bookkeeping entry representing the equivalent in value of one (1) Share, on the terms and conditions set forth herein and in the Plan. By accepting (whether in writing, electronically or otherwise) the Restricted Stock Units, or by otherwise receiving the Restricted Stock Units, Shares, or any benefit relating thereto, you acknowledge that the Restricted Stock Units and any Shares issued thereunder and your participation in the Plan are subject to such terms and conditions, and you agree to such terms and conditions.

2. **Vesting of Restricted Stock Units.** So long as your Service continues, the Restricted Stock Units shall vest in accordance with the following schedule: [\_\_\_\_\_], unless otherwise provided by the Plan or Section 4 below. If you take a leave of absence, the Company may, at its discretion, suspend vesting during the period of leave or pro-rate the Restricted Stock Units to the extent permitted under the employment laws in the jurisdiction where you are providing Service or under the terms of your employment or service agreement, if any, notwithstanding the Company’s Vesting Policy for Leaves of Absence.

3. **Termination of Service.** In the event of the termination of your Service for any reason (whether or not later found to be invalid or in breach of the employment laws in the jurisdiction where you are employed or providing Service, or the terms of your employment or service agreement, if any), all unvested Restricted Stock Units shall be immediately forfeited without consideration. For purposes of the preceding sentence, your right to vest in the Restricted Stock Units will terminate effective as of the date that you are no longer providing Service, and the Company shall have the exclusive discretion to determine when you are no longer providing Service for purposes of the Restricted Stock Units.

4. **Special Acceleration.**  
(a) To the extent the Restricted Stock Units are outstanding at the time of a Corporate Transaction, such Restricted Stock Units shall automatically become vested in full immediately prior to the effective date of the Corporate Transaction. No such accelerated vesting, however, shall occur if and to the extent: (i) these Restricted Stock Units are, in connection with the Corporate Transaction, either assumed by the successor corporation (or parent thereof) or replaced with comparable restricted stock units of the successor corporation (or parent thereof) or (ii) these Restricted Stock Units are replaced with a cash incentive program of the successor corporation which complies with Code Section 409A and preserves the fair market value of the Restricted Stock Units at the time of the Corporate Transaction and provides for subsequent pay-out in accordance with the settlement provisions set forth in Section 5 below. The

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determination of the comparability of restricted stock units under clause (i) shall be made by the Committee, and such determination shall be final, binding and conclusive.

(b) Immediately following the effective date of the Corporate Transaction, this Agreement shall terminate and cease to be outstanding, except as set forth in Section 5 below with respect to the deferred settlement of Restricted Stock Units or to the extent assumed by the successor corporation (or parent thereof) in connection with the Corporate Transaction.

(c) If this Agreement is assumed in connection with a Corporate Transaction, then the Committee shall appropriately adjust the number of units and the kind of shares or securities to be issued pursuant to this Agreement immediately after such Corporate Transaction.

(d) This Agreement shall not in any way affect the right of the Company to adjust, reclassify, reorganize or otherwise change its capital or business structure or to merge, consolidate, dissolve, liquidate, sell or transfer all or any part of its business or assets.

5. **Settlement of Restricted Stock Units.** To the extent you are eligible but have not elected to defer settlement of the Restricted Stock Units, the Restricted Stock Units shall be automatically settled in Shares upon vesting of such Restricted Stock Units, provided that the Company shall have no obligation to issue Shares pursuant to this Agreement unless and until you have satisfied any applicable Tax-Related Items, as described and defined in Section 6 below, and such issuance otherwise complies with all applicable laws. To the extent you are eligible but have elected to defer settlement of the Restricted Stock Units, the vested portion of the Restricted Stock Units shall be settled in Shares upon the earlier of: (a) your separation from service within the meaning of Code Section 409A ("Separation from Service") and (b) the fixed payment date elected by you, if any, at the time of such deferral (which shall be the first business day of a year no earlier than six years after the year of the Grant Date in accordance with procedures approved by the Committee), provided that the Company shall have no obligation to issue Shares pursuant to this Agreement unless such issuance complies with all applicable law. Notwithstanding the foregoing, to the extent your Restricted Stock Units would otherwise be settled upon your Separation from Service, such settlement shall instead occur upon the Company's first business day following the six-month anniversary of your Separation from Service. Prior to the time that the Restricted Stock Units are settled, you shall have no rights other than those of a general creditor of the Company. The Restricted Stock Units represent an unfunded and unsecured obligation of the Company.

6. **Taxes.**

(a) Regardless of any action the Company or your employer (the "Employer") takes with respect to any and all income tax, social taxes or insurance contributions, payroll tax, payment on account or other tax-related items related to your participation in the Plan and legally applicable to you ("Tax-Related Items"), and as a condition to and in consideration of the grant, vesting, and settlement of the Restricted Stock Units, you acknowledge that the ultimate liability for all Tax-Related Items with respect to the Restricted Stock Units is and remains your responsibility and may exceed the amount actually withheld by the Company or the Employer. You further acknowledge that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Restricted Stock Units, including the grant, vesting or settlement of the Restricted Stock Units, or the subsequent sale of any Shares acquired at vesting or the receipt of any dividends with respect to such Shares, and (ii) do not commit to and are under no obligation to structure the terms or any aspect of the Restricted Stock Units to reduce or eliminate your liability for Tax-Related Items or achieve any particular tax result. Further, if you become subject to taxation in more than one jurisdiction between the Grant Date and the date of any relevant taxable event, you acknowledge that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

(b) Prior to any relevant tax, withholding or required deduction event, as applicable, and in order to receive any Shares or other benefit in relation to the Restricted Stock Units, you agree to make arrangements satisfactory to the Company for the satisfaction of any applicable tax, withholding, required deduction and payment on account of any obligations of the Company and/or the Employer that arise in connection with the Restricted Stock Units. In this regard, you authorize the Company and/or the Employer, or their respective agents, at their discretion, to satisfy any obligations related to Tax-Related Items by one or a combination of the following: (1) withholding from your wages or other cash compensation payable to you by the Company or the Employer; (2) withholding from proceeds of the sale of Shares acquired upon settlement of the Restricted Stock Units either through a voluntary sale or through a mandatory sale arranged by the Company (on your behalf pursuant to this authorization); (3) withholding of Shares that would otherwise be issued upon settlement of the Restricted Stock Units; or (4) requiring you to satisfy the liability for Tax-Related Items by means of any other arrangement approved by the Company. If the obligation for Tax-Related Items is satisfied by withholding Shares, for tax purposes, you are deemed to have been issued the full number of Shares subject to the vested Restricted Stock Units, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items due as a result of any aspect of your participation in the Plan. You agree to provide the Company and/or its stock plan broker/administrator with the information necessary to manage your Tax-Related Items withholding and acknowledge that should you fail to provide such information on a timely basis, the Company and/or its stock plan broker/administrator may be obligated to withhold amounts from you and it may be necessary for you to seek a refund directly from the tax authorities. Depending on the withholding method, the Company or Employer may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates, including maximum applicable rates.

(c) Finally, you will pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of your participation in the Plan or your acquisition of Shares that cannot be satisfied by the means previously described. The Company shall not be required to issue or deliver Shares pursuant to this Agreement unless and until such obligations are satisfied.

7. **Tax and Legal Advice.** You represent, warrant and acknowledge that neither the Company nor your Employer have made any warranties or representations to you with respect to any Tax-Related Items, legal or financial consequences of the transactions

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contemplated by this Agreement, and you are in no manner relying on the Company, the Employer or the Company's or the Employer's representatives for an assessment of such consequences. YOU UNDERSTAND THAT THE LAWS GOVERNING THIS AWARD ARE SUBJECT TO CHANGE. YOU SHOULD CONSULT YOUR OWN PROFESSIONAL TAX, LEGAL AND FINANCIAL ADVISOR REGARDING ANY RESTRICTED STOCK UNITS. YOU UNDERSTAND THAT THE COMPANY AND THE EMPLOYER ARE NOT PROVIDING ANY TAX, LEGAL, OR FINANCIAL ADVICE, NOR IS THE COMPANY OR THE EMPLOYER MAKING ANY RECOMMENDATION REGARDING YOUR ACCEPTANCE OF THIS AWARD. NOTHING STATED HEREIN IS INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, FOR THE PURPOSE OF AVOIDING TAXPAYER OR OTHER PENALTIES.

8. **Non-Transferability of Restricted Stock Units.** Restricted Stock Units shall not be anticipated, assigned, attached, garnished, optioned, transferred or made subject to any creditor's process, whether voluntarily or involuntarily or by operation of law.

9. **Restriction on Transfer.** Regardless of whether the transfer or issuance of the Shares to be issued pursuant to the Restricted Stock Units has been registered under the Securities Act or has been registered or qualified under the securities laws of any state, the Company may impose additional restrictions upon the sale, pledge, or other transfer of the Shares (including the placement of appropriate legends on stock certificates and the issuance of stop-transfer instructions to the Company's transfer agent) if, in the judgment of the Company and the Company's counsel, such restrictions are necessary in order to achieve compliance with the provisions of the Securities Act, the securities laws of any state, or any other law, including all applicable foreign laws.

10. **Restrictive Legends and Stop-Transfer Instructions.** Stock certificates evidencing the Shares issued pursuant to the Restricted Stock Units may bear such restrictive legends and/or appropriate stop-transfer instructions may be issued to the Company's transfer agent as the Company and the Company's counsel deem necessary under applicable law or pursuant to this Agreement.

11. **Representations, Warranties, Covenants, and Acknowledgments.** You hereby agree that in the event the Company and the Company's counsel deem it necessary or advisable in the exercise of their discretion, the transfer or issuance of the Shares issued pursuant to the Restricted Stock Units may be conditioned upon you making certain representations, warranties, and acknowledgments relating to compliance with applicable laws.

12. **Voting, Dividend and Other Rights.** Subject to the terms of this Agreement and except as set forth below, you shall not have any voting rights or any other rights and privileges of a shareholder of the Company unless and until the Restricted Stock Units are settled in Shares. To the extent you have elected to defer settlement of the Restricted Stock Units, dividend equivalents shall only accrue after the vesting of the Restricted Stock Units and will be subject to the same conditions and restrictions as the Restricted Stock Units to which they attach as set forth in the Plan or this Agreement and will be settled in additional Shares upon the settlement of the Restricted Stock Units as set forth in Section 5 above.

13. **Authorization to Release and Transfer Necessary Personal Information.**

(a) *You hereby explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of your personal information as described in this Agreement by and among, as applicable, the Employer, and the Company and its Parent, Subsidiaries and Affiliates for the exclusive purpose of implementing, administering and managing your participation in the Plan.*

(b) *You understand that the Company and the Employer may hold certain personal information about you, including, but not limited to, your name, home address and telephone number, date of birth, social insurance number (or any other social or national identification number), salary, nationality, job title, residency status, any Shares or directorships held in the Company, details of all Restricted Stock Units or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding (the "Data") for the purpose of implementing, administering and managing your participation in the Plan. You understand that the Data may be transferred to the Company or any of its Parent, Subsidiaries or Affiliates, or to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in your country or elsewhere, including outside the European Economic Area, and that the recipient's country (e.g., the United States) may have different data privacy laws and protections than your country. You understand that you may request a list with the names and addresses of any potential recipients of the Data by contacting your local human resources representative. You authorize the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purposes of implementing, administering and managing your participation in the Plan, including any requisite transfer of such Data to a broker or other third party assisting with the administration of these Restricted Stock Units under the Plan or with whom Shares acquired pursuant to these Restricted Stock Units or cash from the sale of such Shares may be deposited. Furthermore, you acknowledge and understand that the transfer of the Data to the Company or any of its Parent, Subsidiaries or Affiliates, or to any third parties is necessary for your participation in the Plan.*

(c) *You understand that the Data will be held only as long as is necessary to implement, administer and manage your participation in the Plan. You understand that you may, at any time, view the Data, request additional information about the storage and processing of the Data, require any necessary amendments to the Data or refuse or withdraw the consents herein by contacting your local human resources representative in writing. Further, you understand that you are providing the consents herein on a purely voluntary basis. If you do not consent, or if you later seek to revoke your consent, your employment status or service and career with the Employer will not be affected; the only consequence of refusing or withdrawing your consent is that the Company would not be able to grant you Restricted Stock Units or other equity awards, or administer or maintain such awards. You further acknowledge that withdrawal of consent may affect your ability to vest in or realize benefits from these Restricted Stock Units and your ability to participate in the Plan. For more information on the consequences of your refusal to consent or withdrawal of consent, you understand that you may contact your local human resources representative.*

(d) *The collection, use and transfer of Data for the purpose of implementing, administering and managing your participation in the Plan is conducted in accordance with the Company's Global HR Data Protection Policy.*

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14. **No Entitlement or Claims for Compensation.** As a condition to, and in consideration of, the grant, vesting, and settlement of the Restricted Stock Units, and in receiving the Restricted Stock Units, Shares, or any benefit relating to the Restricted Stock Units, you acknowledge and agree that:

(a) Your rights, if any, in respect of or in connection with these Restricted Stock Units or any other Award are derived solely from the discretionary decision of the Company to permit you to participate in the Plan and to benefit from a discretionary Award. The Plan may be amended, suspended or terminated by the Company at any time, unless otherwise provided in the Plan and this Agreement. By accepting these Restricted Stock Units, you expressly acknowledge that there is no obligation on the part of the Company to continue the Plan and/or grant any additional Restricted Stock Units to you or benefits in lieu of Restricted Stock Units, even if Restricted Stock Units have been granted in the past. All decisions with respect to future grants of Restricted Stock Units, if any, will be at the sole discretion of the Committee.

(b) The Restricted Stock Units and the Shares subject to the Restricted Stock Units are not intended to replace any pension rights or compensation and are not to be considered compensation of a continuing or recurring nature, or part of your normal or expected compensation, and in no way represent any portion of your salary, compensation or other remuneration for any purpose, including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments, and in no event should be considered as compensation for, or relating in any way to, past services for the Company, the Employer or any Parent, Subsidiary or Affiliate. The value of the Restricted Stock Units is an extraordinary item that does not constitute compensation of any kind for services of any kind rendered to the Company, the Employer or any Parent, Subsidiary or Affiliate and which is outside the scope of your written employment or service agreement (if any).

(c) You acknowledge that you are voluntarily participating in the Plan.

(d) Neither the Plan nor these Restricted Stock Units or any other Award granted under the Plan shall be deemed to give you a right to remain an Employee, Consultant or director of the Company, a Parent, Subsidiary or an Affiliate. The Employer reserves the right to terminate your Service at any time, with or without cause, and for any reason.

(e) The grant of the Restricted Stock Units and your participation in the Plan will not be interpreted to form an employment contract or service relationship with the Company, the Employer or any Parent, Subsidiary or Affiliate.

(f) The future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty and if you vest in the Restricted Stock Units and are issued Shares, the value of those Shares may increase or decrease. You also understand that none of the Company, the Employer or any Parent, Subsidiary or Affiliate is responsible for any foreign exchange fluctuation between the Employer's local currency and the United States Dollar that may affect the value of this Award.

(g) No claim or entitlement to compensation or damages shall arise from forfeiture of the Restricted Stock Units resulting from the termination of your Service by the Company or the Employer (for any reason whatsoever and whether or not later found to be invalid or in breach of the employment laws in the jurisdiction where you are employed or providing Service, or the terms of your employment or service agreement, if any) and, in consideration of the grant of the Award to which you are not otherwise entitled, you irrevocably agree never to institute any claim against the Employer, the Company or its Parent, Subsidiaries or Affiliates, waive your ability, if any, to bring any such claim, and release the Company and its Parent, Subsidiaries and Affiliates from any such claim; if notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by accepting the Award, you shall be deemed irrevocably to have agreed to not pursue such claim and agree to execute any and all documents necessary to request the withdrawal of such claim.

(h) You agree that the Company may require Shares received pursuant to the Restricted Stock Units to be held by a broker designated by the Company.

(i) You agree that your rights hereunder (if any) shall be subject to set-off by the Company for any valid debts you owe the Company.

(j) Unless otherwise provided in the Plan or this Agreement, or by the Company in its discretion, the Restricted Stock Units and the benefits evidenced by this Agreement do not create any entitlement to have the Restricted Stock Units transferred to, or assumed by, another company, nor to be exchanged, cashed out or substituted for in connection with any Corporate Transaction affecting the Common Stock.

15. **Governing Law and Forum.** This Agreement shall be governed by and construed in accordance with the laws of the State of California without regard to the conflict of laws principles thereof. For purposes of litigating any dispute that may arise directly or indirectly from this Agreement, the parties hereby submit and consent to litigation in the exclusive jurisdiction of the State of California and agree that any such litigation shall be conducted only in the courts of California or the federal courts for the United States for the Northern District of California and no other courts.

16. **Notices.** Any notice required or permitted under the terms of this Agreement shall be in writing and shall be deemed sufficient when delivered personally or sent by confirmed email, telegram, or fax or forty-eight (48) hours after being deposited in the mail, as certified or registered mail, with postage prepaid, and addressed to the Company at the Company's principal corporate offices or to you at the address maintained for you in the Company's records or, in either case, as subsequently modified by written notice to the other party.

17. **Binding Effect.** Subject to the limitations set forth in this Agreement, this Agreement shall be binding upon, and inure to the benefit of, the executors, administrators, heirs, legal representatives, successors, and assigns of the parties hereto.

18. **Severability.** If any provision of this Agreement is held to be unenforceable for any reason, it shall be adjusted rather than voided, if possible, in order to achieve the intent of the parties to the extent possible. In any event, all other provisions of this Agreement shall be deemed valid and enforceable to the full extent possible.

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19. **Waiver.** You agree that a waiver by the Company of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by you or any other participant.

20. **Electronic Delivery.** The Company may, in its sole discretion, decide to deliver any documents related to your current or future participation in the Plan by electronic means or to request your consent to participate in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

21. **Language.** If this Agreement or any other document related to the Plan is translated into a language other than English and the meaning of the translated version is different from the English version, the English version will take precedence.

22. **Appendix.** Notwithstanding any provisions in this Agreement, the Restricted Stock Units shall be subject to any special terms and conditions set forth in any Appendix to this Agreement for your country of residence. Moreover, if you relocate to one of the countries included in the Appendix, the special terms and conditions for such country will apply to you, to the extent the Company determines that the application of such terms and conditions is necessary or advisable in order to comply with local law or facilitate the administration of the Plan. The Appendix constitutes part of this Agreement.

23. **Committee Policies.** The Restricted Stock Units shall be subject to any special terms and conditions set forth in any applicable policy (and any amendments thereto) that the Committee (or a designee of the Committee) has adopted or will adopt in the future, including, but not limited to, any policy related to the vesting or transfer of equity awards.

24. **Imposition of Other Requirements.** The Company reserves the right to impose other requirements on your participation in the Plan, on the Restricted Stock Units and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable in order to comply with local law or facilitate the administration of the Plan. You agree to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing. Furthermore, you acknowledge that the laws of the country in which you are working at the time of grant, vesting and settlement of the Restricted Stock Units or the sale of Shares received pursuant to this Agreement (including any rules or regulations governing securities, foreign exchange, tax, labor, or other matters) may subject you to additional procedural or regulatory requirements that you are and will be solely responsible for and must fulfill.

25. **Acceptance of Agreement.** You may accept this Award either by (a) clicking on the “*I agree*” button below at any time before the First Vest Date or (b) doing nothing and your Award will be automatically accepted on your behalf on the First Vest Date.

\* \* \* \*

By accepting your Award in accordance with Section 25 of this Agreement, you agree to be bound by the terms and conditions of this Agreement.

**PLEASE PRINT AND KEEP A COPY FOR YOUR RECORDS**

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**CISCO SYSTEMS, INC.**  
**STOCK UNIT AGREEMENT**

This Stock Unit Agreement (the "Agreement") is made and entered into as of the Grant Date (as defined below) by and between Cisco Systems, Inc., a California corporation (the "Company"), and you pursuant to the Cisco Systems, Inc. 2005 Stock Incentive Plan (the "Plan"). The material terms of this Stock Unit Award are as follows:

Employee ID: \_\_\_\_\_

Grant Date: \_\_\_\_\_

Grant Number: \_\_\_\_\_

Restricted Stock Units: \_\_\_\_\_

First Vest Date: \_\_\_\_\_

To the extent any capitalized terms used in this Agreement are not defined, they shall have the meaning ascribed to them in the Plan. In the event of a conflict between the terms and provisions of the Plan and the terms and provisions of this Agreement, the Plan terms and provisions shall prevail.

In consideration of the mutual agreements herein contained and intending to be legally bound hereby, and as a condition to and in consideration of the grant, vesting, and settlement of the Restricted Stock Units and your receipt of any Shares or any related benefit thereunder, the parties agree as follows:

1. **Restricted Stock Units.** Pursuant to the Plan, the Company hereby grants to you, and you hereby accept from the Company, Restricted Stock Units, each of which is a bookkeeping entry representing the equivalent in value of one (1) Share, on the terms and conditions set forth herein and in the Plan. By accepting (whether in writing, electronically or otherwise) the Restricted Stock Units, or by otherwise receiving the Restricted Stock Units, Shares, or any benefit relating thereto, you acknowledge that the Restricted Stock Units and any Shares issued thereunder and your participation in the Plan are subject to such terms and conditions, and you agree to such terms and conditions.

2. **Vesting of Restricted Stock Units.** So long as your Service continues, the Restricted Stock Units shall vest in accordance with the following schedule: \_\_\_\_\_ (\_\_\_%) of the total number of Restricted Stock Units granted pursuant to this Agreement shall vest on the First Vest Date and on each anniversary thereafter, unless otherwise provided by the Plan or Section 4 below. If you take a leave of absence, the Company may, at its discretion, suspend vesting during the period of leave or pro-rate the Restricted Stock Units to the extent permitted under the employment laws in the jurisdiction where you are providing Service or under the terms of your employment or service agreement, if any, notwithstanding the Company's Vesting Policy for Leaves of Absence.

3. **Termination of Service.** In the event of the termination of your Service for any reason (whether or not later found to be invalid or in breach of the employment laws in the jurisdiction where you are employed or providing Service, or the terms of your employment or service agreement, if any), all unvested Restricted Stock Units shall be immediately forfeited without consideration. For purposes of the preceding sentence, your right to vest in the Restricted Stock Units will terminate effective as of the date that you are no longer providing Service, and the Company shall have the exclusive discretion to determine when you are no longer providing Service for purposes of the Restricted Stock Units.

4. **Special Acceleration.**  
(a) To the extent the Restricted Stock Units are outstanding at the time of a Corporate Transaction, such Restricted Stock Units shall automatically become vested in full immediately prior to the effective date of the Corporate Transaction. No such accelerated vesting, however, shall occur if and to the extent: (i) these Restricted Stock Units are, in connection with the Corporate Transaction, either assumed by the successor corporation (or parent thereof) or replaced with comparable restricted stock units of the successor corporation (or parent thereof) or (ii) these Restricted Stock Units are replaced with a cash incentive program of the successor corporation which complies with Code Section 409A and preserves the fair market value of the Restricted Stock Units at the time of the Corporate Transaction and provides for subsequent pay-out in accordance with the settlement provisions set forth in Section 5 below. The determination of the comparability of restricted stock units under clause (i) shall be made by the Committee, and such determination shall be final, binding and conclusive.

(b) Immediately following the effective date of the Corporate Transaction, this Agreement shall terminate and cease to be outstanding, except as set forth in Section 5 below with respect to the deferred settlement of Restricted Stock Units or to the extent assumed by the successor corporation (or parent thereof) in connection with the Corporate Transaction.

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(c) If this Agreement is assumed in connection with a Corporate Transaction, then the Committee shall appropriately adjust the number of units and the kind of shares or securities to be issued pursuant to this Agreement immediately after such Corporate Transaction.

(d) This Agreement shall not in any way affect the right of the Company to adjust, reclassify, reorganize or otherwise change its capital or business structure or to merge, consolidate, dissolve, liquidate, sell or transfer all or any part of its business or assets.

5. **Settlement of Restricted Stock Units.** To the extent you are eligible but have not elected to defer settlement of the Restricted Stock Units, the Restricted Stock Units shall be automatically settled in Shares upon vesting of such Restricted Stock Units, provided that the Company shall have no obligation to issue Shares pursuant to this Agreement unless and until you have satisfied any applicable Tax-Related Items, as described and defined in Section 6 below, and such issuance otherwise complies with all applicable laws. To the extent you are eligible but have elected to defer settlement of the Restricted Stock Units, the vested portion of the Restricted Stock Units shall be settled in Shares upon the earlier of: (a) your separation from service within the meaning of Code Section 409A ("Separation from Service") and (b) the fixed payment date elected by you, if any, at the time of such deferral (which shall be the first business day of a year no earlier than six years after the year of the Grant Date in accordance with procedures approved by the Committee), provided that the Company shall have no obligation to issue Shares pursuant to this Agreement unless such issuance complies with all applicable law. Notwithstanding the foregoing, to the extent your Restricted Stock Units would otherwise be settled upon your Separation from Service, such settlement shall instead occur upon the Company's first business day following the six-month anniversary of your Separation from Service. Prior to the time that the Restricted Stock Units are settled, you shall have no rights other than those of a general creditor of the Company. The Restricted Stock Units represent an unfunded and unsecured obligation of the Company.

6. **Taxes.**

(a) Regardless of any action the Company or your employer (the "Employer") takes with respect to any and all income tax, social taxes or insurance contributions, payroll tax, payment on account or other tax-related items related to your participation in the Plan and legally applicable to you ("Tax-Related Items"), and as a condition to and in consideration of the grant, vesting, and settlement of the Restricted Stock Units, you acknowledge that the ultimate liability for all Tax-Related Items with respect to the Restricted Stock Units is and remains your responsibility and may exceed the amount actually withheld by the Company or the Employer. You further acknowledge that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Restricted Stock Units, including the grant, vesting or settlement of the Restricted Stock Units, or the subsequent sale of any Shares acquired at vesting or the receipt of any dividends with respect to such Shares, and (ii) do not commit to and are under no obligation to structure the terms or any aspect of the Restricted Stock Units to reduce or eliminate your liability for Tax-Related Items or achieve any particular tax result. Further, if you become subject to taxation in more than one jurisdiction between the Grant Date and the date of any relevant taxable event, you acknowledge that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

(b) Prior to any relevant tax, withholding or required deduction event, as applicable, and in order to receive any Shares or other benefit in relation to the Restricted Stock Units, you agree to make arrangements satisfactory to the Company for the satisfaction of any applicable tax, withholding, required deduction and payment on account of any obligations of the Company and/or the Employer that arise in connection with the Restricted Stock Units. In this regard, you authorize the Company and/or the Employer, or their respective agents, at their discretion, to satisfy any obligations related to Tax-Related Items by one or a combination of the following: (1) withholding from your wages or other cash compensation payable to you by the Company or the Employer; (2) withholding from proceeds of the sale of Shares acquired upon settlement of the Restricted Stock Units either through a voluntary sale or through a mandatory sale arranged by the Company (on your behalf pursuant to this authorization); (3) withholding of Shares that would otherwise be issued upon settlement of the Restricted Stock Units; or (4) requiring you to satisfy the liability for Tax-Related Items by means of any other arrangement approved by the Company. If the obligation for Tax-Related Items is satisfied by withholding Shares, for tax purposes, you are deemed to have been issued the full number of Shares subject to the vested Restricted Stock Units, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items due as a result of any aspect of your participation in the Plan. You agree to provide the Company and/or its stock plan broker/administrator with the information necessary to manage your Tax-Related Items withholding and acknowledge that should you fail to provide such information on a timely basis, the Company and/or its stock plan broker/administrator may be obligated to withhold amounts from you and it may be necessary for you to seek a refund directly from the tax authorities. Depending on the withholding method, the Company or Employer may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates, including maximum applicable rates.

(c) Finally, you will pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of your participation in the Plan or your acquisition of Shares that cannot be satisfied by the means previously described. The Company shall not be required to issue or deliver Shares pursuant to this Agreement unless and until such obligations are satisfied.

7. **Tax and Legal Advice.** You represent, warrant and acknowledge that neither the Company nor your Employer have made any warranties or representations to you with respect to any Tax-Related Items, legal or financial consequences of the transactions contemplated by this Agreement, and you are in no manner relying on the Company, the Employer or the Company's or the Employer's representatives for an assessment of such consequences. YOU UNDERSTAND THAT THE LAWS GOVERNING THIS AWARD ARE SUBJECT TO CHANGE. YOU SHOULD CONSULT YOUR OWN PROFESSIONAL TAX, LEGAL AND FINANCIAL ADVISOR REGARDING ANY RESTRICTED STOCK UNITS. YOU UNDERSTAND THAT THE COMPANY AND THE EMPLOYER ARE NOT PROVIDING ANY TAX, LEGAL, OR FINANCIAL ADVICE, NOR IS THE COMPANY OR THE EMPLOYER MAKING ANY RECOMMENDATION REGARDING YOUR ACCEPTANCE OF THIS AWARD. NOTHING STATED HEREIN IS INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, FOR THE PURPOSE OF AVOIDING TAXPAYER OR OTHER PENALTIES.

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8. **Non-Transferability of Restricted Stock Units.** Restricted Stock Units shall not be anticipated, assigned, attached, garnished, optioned, transferred or made subject to any creditor's process, whether voluntarily or involuntarily or by operation of law.

9. **Restriction on Transfer.** Regardless of whether the transfer or issuance of the Shares to be issued pursuant to the Restricted Stock Units has been registered under the Securities Act or has been registered or qualified under the securities laws of any state, the Company may impose additional restrictions upon the sale, pledge, or other transfer of the Shares (including the placement of appropriate legends on stock certificates and the issuance of stop-transfer instructions to the Company's transfer agent) if, in the judgment of the Company and the Company's counsel, such restrictions are necessary in order to achieve compliance with the provisions of the Securities Act, the securities laws of any state, or any other law, including all applicable foreign laws.

10. **Restrictive Legends and Stop-Transfer Instructions.** Stock certificates evidencing the Shares issued pursuant to the Restricted Stock Units may bear such restrictive legends and/or appropriate stop-transfer instructions may be issued to the Company's transfer agent as the Company and the Company's counsel deem necessary under applicable law or pursuant to this Agreement.

11. **Representations, Warranties, Covenants, and Acknowledgments.** You hereby agree that in the event the Company and the Company's counsel deem it necessary or advisable in the exercise of their discretion, the transfer or issuance of the Shares issued pursuant to the Restricted Stock Units may be conditioned upon you making certain representations, warranties, and acknowledgments relating to compliance with applicable laws.

12. **Voting, Dividend and Other Rights.** Subject to the terms of this Agreement and except as set forth below, you shall not have any voting rights or any other rights and privileges of a shareholder of the Company unless and until the Restricted Stock Units are settled in Shares. To the extent you have elected to defer settlement of the Restricted Stock Units with a First Vest Date on or after September 11, 2016, dividend equivalents shall only accrue after the vesting of the Restricted Stock Units and will be subject to the same conditions and restrictions as the Restricted Stock Units to which they attach as set forth in the Plan or this Agreement and will be settled in additional Shares upon the settlement of the Restricted Stock Units as set forth in Section 5 above.

13. **Authorization to Release and Transfer Necessary Personal Information.**

(a) *You hereby explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of your personal information as described in this Agreement by and among, as applicable, the Employer, and the Company and its Parent, Subsidiaries and Affiliates for the exclusive purpose of implementing, administering and managing your participation in the Plan.*

(b) *You understand that the Company and the Employer may hold certain personal information about you, including, but not limited to, your name, home address and telephone number, date of birth, social insurance number (or any other social or national identification number), salary, nationality, job title, residency status, any Shares or directorships held in the Company, details of all Restricted Stock Units or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding (the "Data") for the purpose of implementing, administering and managing your participation in the Plan. You understand that the Data may be transferred to the Company or any of its Parent, Subsidiaries or Affiliates, or to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in your country or elsewhere, including outside the European Economic Area, and that the recipient's country (e.g., the United States) may have different data privacy laws and protections than your country. You understand that you may request a list with the names and addresses of any potential recipients of the Data by contacting your local human resources representative. You authorize the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purposes of implementing, administering and managing your participation in the Plan, including any requisite transfer of such Data to a broker or other third party assisting with the administration of these Restricted Stock Units under the Plan or with whom Shares acquired pursuant to these Restricted Stock Units or cash from the sale of such Shares may be deposited. Furthermore, you acknowledge and understand that the transfer of the Data to the Company or any of its Parent, Subsidiaries or Affiliates, or to any third parties is necessary for your participation in the Plan.*

(c) *You understand that the Data will be held only as long as is necessary to implement, administer and manage your participation in the Plan. You understand that you may, at any time, view the Data, request additional information about the storage and processing of the Data, require any necessary amendments to the Data or refuse or withdraw the consents herein by contacting your local human resources representative in writing. Further, you understand that you are providing the consents herein on a purely voluntary basis. If you do not consent, or if you later seek to revoke your consent, your employment status or service and career with the Employer will not be affected; the only consequence of refusing or withdrawing your consent is that the Company would not be able to grant you Restricted Stock Units or other equity awards, or administer or maintain such awards. You further acknowledge that withdrawal of consent may affect your ability to vest in or realize benefits from these Restricted Stock Units and your ability to participate in the Plan. For more information on the consequences of your refusal to consent or withdrawal of consent, you understand that you may contact your local human resources representative.*

(d) *The collection, use and transfer of Data for the purpose of implementing, administering and managing your participation in the Plan is conducted in accordance with the Company's Global HR Data Protection Policy.*

14. **No Entitlement or Claims for Compensation.** As a condition to, and in consideration of, the grant, vesting, and settlement of the Restricted Stock Units, and in receiving the Restricted Stock Units, Shares, or any benefit relating to the Restricted Stock Units, you acknowledge and agree that:

(a) Your rights, if any, in respect of or in connection with these Restricted Stock Units or any other Award are derived solely from the discretionary decision of the Company to permit you to participate in the Plan and to benefit from a discretionary Award. The Plan may be amended, suspended or terminated by the Company at any time, unless otherwise provided in the Plan and this Agreement. By accepting these Restricted Stock Units, you expressly acknowledge that there is no obligation on the part of the Company to continue the Plan and/or grant any additional Restricted Stock Units to you or benefits in lieu of Restricted Stock Units, even if Restricted Stock Units have been granted in the past. All decisions with respect to future grants of Restricted Stock Units, if any, will be at the sole discretion of the Committee.

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(b) The Restricted Stock Units and the Shares subject to the Restricted Stock Units are not intended to replace any pension rights or compensation and are not to be considered compensation of a continuing or recurring nature, or part of your normal or expected compensation, and in no way represent any portion of your salary, compensation or other remuneration for any purpose, including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments, and in no event should be considered as compensation for, or relating in any way to, past services for the Company, the Employer or any Parent, Subsidiary or Affiliate. The value of the Restricted Stock Units is an extraordinary item that does not constitute compensation of any kind rendered to the Company, the Employer or any Parent, Subsidiary or Affiliate and which is outside the scope of your written employment or service agreement (if any).

(c) You acknowledge that you are voluntarily participating in the Plan.

(d) Neither the Plan nor these Restricted Stock Units or any other Award granted under the Plan shall be deemed to give you a right to remain an Employee, Consultant or director of the Company, a Parent, Subsidiary or an Affiliate. The Employer reserves the right to terminate your Service at any time, with or without cause, and for any reason.

(e) The grant of the Restricted Stock Units and your participation in the Plan will not be interpreted to form an employment contract or service relationship with the Company, the Employer or any Parent, Subsidiary or Affiliate.

(f) The future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty and if you vest in the Restricted Stock Units and are issued Shares, the value of those Shares may increase or decrease. You also understand that none of the Company, the Employer or any Parent, Subsidiary or Affiliate is responsible for any foreign exchange fluctuation between the Employer's local currency and the United States Dollar that may affect the value of this Award.

(g) No claim or entitlement to compensation or damages shall arise from forfeiture of the Restricted Stock Units resulting from the termination of your Service by the Company or the Employer (for any reason whatsoever and whether or not later found to be invalid or in breach of the employment laws in the jurisdiction where you are employed or providing Service, or the terms of your employment or service agreement, if any) and, in consideration of the grant of the Award to which you are not otherwise entitled, you irrevocably agree never to institute any claim against the Employer, the Company or its Parent, Subsidiaries or Affiliates, waive your ability, if any, to bring any such claim, and release the Company and its Parent, Subsidiaries and Affiliates from any such claim; if notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by accepting the Award, you shall be deemed irrevocably to have agreed to not pursue such claim and agree to execute any and all documents necessary to request the withdrawal of such claim.

(h) You agree that the Company may require Shares received pursuant to the Restricted Stock Units to be held by a broker designated by the Company.

(i) You agree that your rights hereunder (if any) shall be subject to set-off by the Company for any valid debts you owe the Company.

(j) Unless otherwise provided in the Plan or this Agreement, or by the Company in its discretion, the Restricted Stock Units and the benefits evidenced by this Agreement do not create any entitlement to have the Restricted Stock Units transferred to, or assumed by, another company, nor to be exchanged, cashed out or substituted for in connection with any Corporate Transaction affecting the Common Stock.

15. **Governing Law and Forum.** This Agreement shall be governed by and construed in accordance with the laws of the State of California without regard to the conflict of laws principles thereof. For purposes of litigating any dispute that may arise directly or indirectly from this Agreement, the parties hereby submit and consent to litigation in the exclusive jurisdiction of the State of California and agree that any such litigation shall be conducted only in the courts of California or the federal courts for the United States for the Northern District of California and no other courts.

16. **Notices.** Any notice required or permitted under the terms of this Agreement shall be in writing and shall be deemed sufficient when delivered personally or sent by confirmed email, telegram, or fax or forty-eight (48) hours after being deposited in the mail, as certified or registered mail, with postage prepaid, and addressed to the Company at the Company's principal corporate offices or to you at the address maintained for you in the Company's records or, in either case, as subsequently modified by written notice to the other party.

17. **Binding Effect.** Subject to the limitations set forth in this Agreement, this Agreement shall be binding upon, and inure to the benefit of, the executors, administrators, heirs, legal representatives, successors, and assigns of the parties hereto.

18. **Severability.** If any provision of this Agreement is held to be unenforceable for any reason, it shall be adjusted rather than voided, if possible, in order to achieve the intent of the parties to the extent possible. In any event, all other provisions of this Agreement shall be deemed valid and enforceable to the full extent possible.

19. **Waiver.** You agree that a waiver by the Company of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by you or any other participant.

20. **Electronic Delivery.** The Company may, in its sole discretion, decide to deliver any documents related to your current or future participation in the Plan by electronic means or to request your consent to participate in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

21. **Language.** If this Agreement or any other document related to the Plan is translated into a language other than English and the meaning of the translated version is different from the English version, the English version will take precedence.

22. **Appendix.** Notwithstanding any provisions in this Agreement, the Restricted Stock Units shall be subject to any special terms and conditions set forth in any Appendix to this Agreement for your country of residence. Moreover, if you relocate to one of the countries included in the Appendix, the special terms and conditions for such country will apply to you, to the extent the Company determines that the application of such terms and conditions is necessary or advisable in order to comply with local law or facilitate the administration of the Plan. The Appendix constitutes part of this Agreement.

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23. **Committee Policies.** The Restricted Stock Units shall be subject to any special terms and conditions set forth in any applicable policy (and any amendments thereto) that the Committee (or a designee of the Committee) has adopted or will adopt in the future, including, but not limited to, any policy related to the vesting or transfer of equity awards.

24. **Imposition of Other Requirements.** The Company reserves the right to impose other requirements on your participation in the Plan, on the Restricted Stock Units and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable in order to comply with local law or facilitate the administration of the Plan. You agree to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing. Furthermore, you acknowledge that the laws of the country in which you are working at the time of grant, vesting and settlement of the Restricted Stock Units or the sale of Shares received pursuant to this Agreement (including any rules or regulations governing securities, foreign exchange, tax, labor, or other matters) may subject you to additional procedural or regulatory requirements that you are and will be solely responsible for and must fulfill.

25. **Acceptance of Agreement.** You may accept this Award either by (a) clicking on the “*I agree*” button below at any time before the First Vest Date or (b) doing nothing and your Award will be automatically accepted on your behalf on the First Vest Date.

\* \* \* \*

By accepting your Award in accordance with Section 25 of this Agreement, you agree to be bound by the terms and conditions of this Agreement.

**PLEASE PRINT AND KEEP A COPY FOR YOUR RECORDS**

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(For Grants Beginning in July 2016  
and Prior to May 31, 2017)

**CISCO SYSTEMS, INC.**  
**STOCK UNIT AGREEMENT**

This Stock Unit Agreement (the "Agreement") is made and entered into as of the Grant Date (as defined below) by and between Cisco Systems, Inc., a California corporation (the "Company"), and you pursuant to the Cisco Systems, Inc. 2005 Stock Incentive Plan (the "Plan"). The material terms of this Stock Unit Award are as follows:

Employee ID: \_\_\_\_\_  
Grant Date: \_\_\_\_\_  
Grant Number: \_\_\_\_\_  
Restricted Stock Units: \_\_\_\_\_  
First Vest Date: \_\_\_\_\_

To the extent any capitalized terms used in this Agreement are not defined, they shall have the meaning ascribed to them in the Plan. In the event of a conflict between the terms and provisions of the Plan and the terms and provisions of this Agreement, the Plan terms and provisions shall prevail.

In consideration of the mutual agreements herein contained and intending to be legally bound hereby, the parties agree as follows:

1. **Restricted Stock Units.** Pursuant to the Plan, the Company hereby grants to you, and you hereby accept from the Company, Restricted Stock Units, each of which is a bookkeeping entry representing the equivalent in value of one (1) Share, on the terms and conditions set forth herein and in the Plan.
2. **Vesting of Restricted Stock Units.** So long as your Service continues, the Restricted Stock Units shall vest in accordance with the following schedule: \_\_\_\_\_ (\_\_\_\_%) of the total number of Restricted Stock Units granted pursuant to this Agreement shall vest on the First Vest Date and on each anniversary thereafter, unless otherwise provided by the Plan or Section 4 below. If you take a leave of absence, the Company may, at its discretion, suspend vesting during the period of leave to the extent permitted under the employment laws in the jurisdiction where you are providing Service or under the terms of your employment or service agreement, if any.
3. **Termination of Service.** In the event of the termination of your Service for any reason (whether or not later found to be invalid or in breach of the employment laws in the jurisdiction where you are employed or providing Service, or the terms of your employment or service agreement, if any), all unvested Restricted Stock Units shall be immediately forfeited without consideration. For purposes of the preceding sentence, your right to vest in the Restricted Stock Units will terminate effective as of the date that you are no longer providing Service, and the Company shall have the exclusive discretion to determine when you are no longer providing Service for purposes of the Restricted Stock Units.
4. **Special Acceleration.**
  - (a) To the extent the Restricted Stock Units are outstanding at the time of a Corporate Transaction, such Restricted Stock Units shall automatically become vested in full immediately prior to the effective date of the Corporate Transaction. No such accelerated vesting, however, shall occur if and to the extent: (i) these Restricted Stock Units are, in connection with the Corporate Transaction, either assumed by the successor corporation (or parent thereof) or replaced with comparable restricted stock units of the successor corporation (or parent thereof) or (ii) these Restricted Stock Units are replaced with a cash incentive program of the successor corporation which complies with Code Section 409A and preserves the fair market value of the Restricted Stock Units at the time of the Corporate Transaction and provides for subsequent pay-out in accordance with the settlement provisions set forth in Section 5 below. The determination of the comparability of restricted stock units under clause (i) shall be made by the Committee, and such determination shall be final, binding and conclusive.
  - (b) Immediately following the effective date of the Corporate Transaction, this Agreement shall terminate and cease to be outstanding, except as set forth in Section 5 below with respect to the deferred settlement of Restricted Stock Units or to the extent assumed by the successor corporation (or parent thereof) in connection with the Corporate Transaction.



(c) If this Agreement is assumed in connection with a Corporate Transaction, then the Committee shall appropriately adjust the number of units and the kind of shares or securities to be issued pursuant to this Agreement immediately after such Corporate Transaction.

(d) This Agreement shall not in any way affect the right of the Company to adjust, reclassify, reorganize or otherwise change its capital or business structure or to merge, consolidate, dissolve, liquidate, sell or transfer all or any part of its business or assets.

5. **Settlement of Restricted Stock Units.** To the extent you are eligible but have not elected to defer settlement of the Restricted Stock Units, the Restricted Stock Units shall be automatically settled in Shares upon vesting of such Restricted Stock Units, provided that the Company shall have no obligation to issue Shares pursuant to this Agreement unless and until you have satisfied any applicable Tax-Related Items, as described and defined in Section 6 below, and such issuance otherwise complies with all applicable laws. To the extent you are eligible but have elected to defer settlement of the Restricted Stock Units, the vested portion of the Restricted Stock Units shall be settled in Shares upon the earlier of: (a) your separation from service within the meaning of Code Section 409A (“Separation from Service”) and (b) the fixed payment date elected by you, if any, at the time of such deferral (which shall be the first business day of a year no earlier than six years after the year of the Grant Date in accordance with procedures approved by the Committee), provided that the Company shall have no obligation to issue Shares pursuant to this Agreement unless such issuance complies with all applicable law. Notwithstanding the foregoing, to the extent your Restricted Stock Units would otherwise be settled upon your Separation from Service, such settlement shall instead occur upon the Company's first business day following the six-month anniversary of your Separation from Service. Prior to the time that the Restricted Stock Units are settled, you shall have no rights other than those of a general creditor of the Company. The Restricted Stock Units represent an unfunded and unsecured obligation of the Company.

6. **Taxes.**

(a) Regardless of any action the Company or your employer (the “Employer”) takes with respect to any and all income tax, social taxes or insurance contributions, payroll tax, payment on account or other tax-related items related to your participation in the Plan and legally applicable to you (“Tax-Related Items”), you acknowledge that the ultimate liability for all Tax-Related Items with respect to the Restricted Stock Units is and remains your responsibility and may exceed the amount actually withheld by the Company or the Employer. You further acknowledge that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Restricted Stock Units, including the grant, vesting or settlement of the Restricted Stock Units, or the subsequent sale of any Shares acquired at vesting or the receipt of any dividends with respect to such Shares, and (ii) do not commit to and are under no obligation to structure the terms or any aspect of the Restricted Stock Units to reduce or eliminate your liability for Tax-Related Items or achieve any particular tax result. Further, if you become subject to taxation in more than one jurisdiction between the Grant Date and the date of any relevant taxable event, you acknowledge that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

(b) Prior to any relevant tax, withholding or required deduction event, as applicable, you agree to make arrangements satisfactory to the Company for the satisfaction of any applicable tax, withholding, required deduction and payment on account of any obligations of the Company and/or the Employer that arise in connection with the Restricted Stock Units. In this regard, you authorize the Company and/or the Employer, or their respective agents, at their discretion, to satisfy any obligations related to Tax-Related Items by one or a combination of the following: (1) withholding from your wages or other cash compensation payable to you by the Company or the Employer; (2) withholding from proceeds of the sale of Shares acquired upon settlement of the Restricted Stock Units either through a voluntary sale or through a mandatory sale arranged by the Company (on your behalf pursuant to this authorization); (3) withholding of Shares that would otherwise be issued upon settlement of the Restricted Stock Units; or (4) requiring you to satisfy the liability for Tax-Related Items by means of any other arrangement approved by the Company. If the obligation for Tax-Related Items is satisfied by withholding Shares, for tax purposes, you are deemed to have been issued the full number of Shares subject to the vested Restricted Stock Units, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items due as a result of any aspect of your participation in the Plan. You agree to provide the Company and/or its stock plan broker/administrator with the information necessary to manage your Tax-Related Item withholding and acknowledge that should you fail to provide such information on a timely basis, the Company and/or its stock plan broker/administrator may be obligated to withhold amounts from you and it may be necessary for you to seek a refund directly from the tax authorities. To avoid financial accounting charges under applicable accounting guidance, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory rates or may take any other action required to avoid financial accounting charges under applicable accounting guidance. If the Company does not satisfy the obligation for Tax-Related Items by the withholding of Shares and instead withholds proceeds from the sale of Shares acquired upon settlement of the Restricted Stock Units, the Company may withhold or account for Tax-Related Items by considering maximum applicable rates, in which case you will receive a refund of any over-withheld amount in cash to the extent that any over-withheld amount has not otherwise been remitted to the applicable tax authority and will have no entitlement to the Common Stock equivalent.

(c) Finally, you will pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of your participation in the Plan or your acquisition of Shares

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that cannot be satisfied by the means previously described. The Company shall not be required to issue or deliver Shares pursuant to this Agreement unless and until such obligations are satisfied.

7. **Tax and Legal Advice.** You represent, warrant and acknowledge that neither the Company nor your Employer have made any warranties or representations to you with respect to any Tax-Related Items, legal or financial consequences of the transactions contemplated by this Agreement, and you are in no manner relying on the Company, the Employer's or the Company's or the Employer's representatives for an assessment of such consequences. YOU UNDERSTAND THAT THE LAWS GOVERNING THIS AWARD ARE SUBJECT TO CHANGE. YOU SHOULD CONSULT YOUR OWN PROFESSIONAL TAX, LEGAL AND FINANCIAL ADVISOR REGARDING ANY RESTRICTED STOCK UNITS. YOU UNDERSTAND THAT THE COMPANY AND THE EMPLOYER ARE NOT PROVIDING ANY TAX, LEGAL, OR FINANCIAL ADVICE, NOR IS THE COMPANY OR THE EMPLOYER MAKING ANY RECOMMENDATION REGARDING YOUR ACCEPTANCE OF THIS AWARD. NOTHING STATED HEREIN IS INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, FOR THE PURPOSE OF AVOIDING TAXPAYER OR OTHER PENALTIES.

8. **Non-Transferability of Restricted Stock Units.** Restricted Stock Units shall not be anticipated, assigned, attached, garnished, optioned, transferred or made subject to any creditor's process, whether voluntarily or involuntarily or by operation of law.

9. **Restriction on Transfer.** Regardless of whether the transfer or issuance of the Shares to be issued pursuant to the Restricted Stock Units has been registered under the Securities Act or has been registered or qualified under the securities laws of any state, the Company may impose additional restrictions upon the sale, pledge, or other transfer of the Shares (including the placement of appropriate legends on stock certificates and the issuance of stop-transfer instructions to the Company's transfer agent) if, in the judgment of the Company and the Company's counsel, such restrictions are necessary in order to achieve compliance with the provisions of the Securities Act, the securities laws of any state, or any other law, including all applicable foreign laws.

10. **Restrictive Legends and Stop-Transfer Instructions.** Stock certificates evidencing the Shares issued pursuant to the Restricted Stock Units may bear such restrictive legends and/or appropriate stop-transfer instructions may be issued to the Company's transfer agent as the Company and the Company's counsel deem necessary under applicable law or pursuant to this Agreement.

11. **Representations, Warranties, Covenants, and Acknowledgments.** You hereby agree that in the event the Company and the Company's counsel deem it necessary or advisable in the exercise of their discretion, the transfer or issuance of the Shares issued pursuant to the Restricted Stock Units may be conditioned upon you making certain representations, warranties, and acknowledgments relating to compliance with applicable laws.

12. **Voting, Dividend and Other Rights.** Subject to the terms of this Agreement and except as set forth below, you shall not have any voting rights or any other rights and privileges of a shareholder of the Company unless and until the Restricted Stock Units are settled in Shares. To the extent you have elected to defer settlement of the Restricted Stock Units with a First Vest Date on or after September 11, 2016, dividend equivalents shall only accrue after the vesting of the Restricted Stock Units and will be subject to the same conditions and restrictions as the Restricted Stock Units to which they attach as set forth in the Plan or this Agreement and will be settled in additional Shares upon the settlement of the Restricted Stock Units as set forth in Section 5 above.

13. **Authorization to Release and Transfer Necessary Personal Information.**

(a) *You hereby explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of your personal information as described in this Agreement by and among, as applicable, the Employer, and the Company and its Parent, Subsidiaries and Affiliates for the exclusive purpose of implementing, administering and managing your participation in the Plan.*

(b) *You understand that the Company and the Employer may hold certain personal information about you, including, but not limited to, your name, home address and telephone number, date of birth, social insurance number (or any other social or national identification number), salary, nationality, job title, residency status, any Shares or directorships held in the Company, details of all Restricted Stock Units or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding (the "Data") for the purpose of implementing, administering and managing your participation in the Plan. You understand that the Data may be transferred to the Company or any of its Parent, Subsidiaries or Affiliates, or to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in your country or elsewhere, including outside the European Economic Area, and that the recipient's country (e.g., the United States) may have different data privacy laws and protections than your country. You understand that you may request a list with the names and addresses of any potential recipients of the Data by contacting your local human resources representative. You authorize the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purposes of implementing, administering and managing your participation in the Plan, including any requisite transfer of such Data to a broker or other third party assisting with the administration of these Restricted Stock Units under the Plan or with whom Shares acquired pursuant to these Restricted Stock Units or cash from the sale of such Shares may be deposited. Furthermore, you acknowledge and understand that the transfer of the Data to the Company or any of its Parent, Subsidiaries or Affiliates, or to any third parties is necessary for your participation in the Plan.*

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(c) *You understand that the Data will be held only as long as is necessary to implement, administer and manage your participation in the Plan. You understand that you may, at any time, view the Data, request additional information about the storage and processing of the Data, require any necessary amendments to the Data or refuse or withdraw the consents herein by contacting your local human resources representative in writing. Further, you understand that you are providing the consents herein on a purely voluntary basis. If you do not consent, or if you later seek to revoke your consent, your employment status or service and career with the Employer will not be adversely affected; the only adverse consequence of refusing or withdrawing your consent is that the Company would not be able to grant you Restricted Stock Units or other equity awards, or administer or maintain such awards. Therefore, you understand that refusing or withdrawing your consent may affect your ability to vest in or realize benefits from these Restricted Stock Units and your ability to participate in the Plan. For more information on the consequences of your refusal to consent or withdrawal of consent, you understand that you may contact your local human resources representative.*

14. **No Entitlement or Claims for Compensation.**

(a) Your rights, if any, in respect of or in connection with these Restricted Stock Units or any other Award are derived solely from the discretionary decision of the Company to permit you to participate in the Plan and to benefit from a discretionary Award. The Plan may be amended, suspended or terminated by the Company at any time, unless otherwise provided in the Plan and this Agreement. By accepting these Restricted Stock Units, you expressly acknowledge that there is no obligation on the part of the Company to continue the Plan and/or grant any additional Restricted Stock Units to you or benefits in lieu of Restricted Stock Units, even if Restricted Stock Units have been granted in the past. All decisions with respect to future grants of Restricted Stock Units, if any, will be at the sole discretion of the Committee.

(b) The Restricted Stock Units and the Shares subject to the Restricted Stock Units are not intended to replace any pension rights or compensation and are not to be considered compensation of a continuing or recurring nature, or part of your normal or expected compensation, and in no way represent any portion of your salary, compensation or other remuneration for any purpose, including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments, and in no event should be considered as compensation for, or relating in any way to, past services for the Company, the Employer or any Parent, Subsidiary or Affiliate. The value of the Restricted Stock Units is an extraordinary item that does not constitute compensation of any kind for services of any kind rendered to the Company, the Employer or any Parent, Subsidiary or Affiliate and which is outside the scope of your written employment or service agreement (if any).

(c) You acknowledge that you are voluntarily participating in the Plan.

(d) Neither the Plan nor these Restricted Stock Units or any other Award granted under the Plan shall be deemed to give you a right to remain an Employee, Consultant or director of the Company, a Parent, Subsidiary or an Affiliate. The Employer reserves the right to terminate your Service at any time, with or without cause, and for any reason.

(e) The grant of the Restricted Stock Units and your participation in the Plan will not be interpreted to form an employment contract or service relationship with the Company, the Employer or any Parent, Subsidiary or Affiliate.

(f) The future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty and if you vest in the Restricted Stock Units and are issued Shares, the value of those Shares may increase or decrease. You also understand that none of the Company, the Employer or any Parent, Subsidiary or Affiliate is responsible for any foreign exchange fluctuation between the Employer's local currency and the United States Dollar that may affect the value of this Award.

(g) No claim or entitlement to compensation or damages shall arise from forfeiture of the Restricted Stock Units resulting from the termination of your Service by the Company or the Employer (for any reason whatsoever and whether or not later found to be invalid or in breach of the employment laws in the jurisdiction where you are employed or providing Service, or the terms of your employment or service agreement, if any) and, in consideration of the grant of the Award to which you are not otherwise entitled, you irrevocably agree never to institute any claim against the Employer, the Company or its Parent, Subsidiaries or Affiliates, waive your ability, if any, to bring any such claim, and release the Company and its Parent, Subsidiaries and Affiliates from any such claim; if notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by accepting the Award, you shall be deemed irrevocably to have agreed to not pursue such claim and agree to execute any and all documents necessary to request the withdrawal of such claim.

(h) You agree that the Company may require Shares received pursuant to the Restricted Stock Units to be held by a broker designated by the Company.

(i) You agree that your rights hereunder (if any) shall be subject to set-off by the Company for any valid debts you owe the Company.

(j) Unless otherwise provided in the Plan or this Agreement, or by the Company in its discretion, the Restricted Stock Units and the benefits evidenced by this Agreement do not create any entitlement to have the Restricted Stock Units transferred to, or assumed by, another company, nor to be exchanged, cashed out or substituted for in connection with any Corporate Transaction affecting the Common Stock.

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15. **Governing Law and Forum.** This Agreement shall be governed by and construed in accordance with the laws of the State of California without regard to the conflict of laws principles thereof. For purposes of litigating any dispute that may arise directly or indirectly from this Agreement, the parties hereby submit and consent to litigation in the exclusive jurisdiction of the State of California and agree that any such litigation shall be conducted only in the courts of California or the federal courts for the United States for the Northern District of California and no other courts.

16. **Notices.** Any notice required or permitted under the terms of this Agreement shall be in writing and shall be deemed sufficient when delivered personally or sent by confirmed email, telegram, or fax or forty-eight (48) hours after being deposited in the mail, as certified or registered mail, with postage prepaid, and addressed to the Company at the Company's principal corporate offices or to you at the address maintained for you in the Company's records or, in either case, as subsequently modified by written notice to the other party.

17. **Binding Effect.** Subject to the limitations set forth in this Agreement, this Agreement shall be binding upon, and inure to the benefit of, the executors, administrators, heirs, legal representatives, successors, and assigns of the parties hereto.

18. **Severability.** If any provision of this Agreement is held to be unenforceable for any reason, it shall be adjusted rather than voided, if possible, in order to achieve the intent of the parties to the extent possible. In any event, all other provisions of this Agreement shall be deemed valid and enforceable to the full extent possible.

19. **Waiver.** You agree that a waiver by the Company of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by you or any other participant.

20. **Electronic Delivery.** The Company may, in its sole discretion, decide to deliver any documents related to your current or future participation in the Plan by electronic means or to request your consent to participate in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

21. **Language.** If this Agreement or any other document related to the Plan is translated into a language other than English and the meaning of the translated version is different from the English version, the English version will take precedence.

22. **Appendix.** Notwithstanding any provisions in this Agreement, the Restricted Stock Units shall be subject to any special terms and conditions set forth in any Appendix to this Agreement for your country of residence. Moreover, if you relocate to one of the countries included in the Appendix, the special terms and conditions for such country will apply to you, to the extent the Company determines that the application of such terms and conditions is necessary or advisable in order to comply with local law or facilitate the administration of the Plan. The Appendix constitutes part of this Agreement.

23. **Imposition of Other Requirements.** The Company reserves the right to impose other requirements on your participation in the Plan, on the Restricted Stock Units and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable in order to comply with local law or facilitate the administration of the Plan. You agree to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing. Furthermore, you acknowledge that the laws of the country in which you are working at the time of grant, vesting and settlement of the Restricted Stock Units or the sale of Shares received pursuant to this Agreement (including any rules or regulations governing securities, foreign exchange, tax, labor, or other matters) may subject you to additional procedural or regulatory requirements that you are and will be solely responsible for and must fulfill.

24. **Acceptance of Agreement.** You must expressly accept the terms and conditions of your Restricted Stock Units as set forth in this Agreement by electronically accepting this Agreement within 300 days after the Company sends this Agreement to you. If you do not accept your Restricted Stock Units in the manner instructed by the Company, your Restricted Stock Units will be subject to cancellation.

\* \* \* \*

You acknowledge that by clicking on the *I agree* button below, you agree to be bound by the terms of this Agreement.

**PLEASE PRINT AND KEEP A COPY FOR YOUR RECORDS**

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**CISCO SYSTEMS, INC.**  
**STOCK UNIT AGREEMENT**

This Stock Unit Agreement (the "Agreement") is made and entered into as of the Grant Date (as defined below) by and between Cisco Systems, Inc., a California corporation (the "Company"), and you pursuant to the Cisco Systems, Inc. 2005 Stock Incentive Plan (the "Plan"). The material terms of this Stock Unit Award are as follows:

Employee ID: \_\_\_\_\_  
Grant Date: \_\_\_\_\_  
Grant Number: \_\_\_\_\_  
Restricted Stock Units: \_\_\_\_\_  
First Vest Date: \_\_\_\_\_

To the extent any capitalized terms used in this Agreement are not defined, they shall have the meaning ascribed to them in the Plan. In the event of a conflict between the terms and provisions of the Plan and the terms and provisions of this Agreement, the Plan terms and provisions shall prevail.

In consideration of the mutual agreements herein contained and intending to be legally bound hereby, the parties agree as follows:

1. **Restricted Stock Units.** Pursuant to the Plan, the Company hereby grants to you, and you hereby accept from the Company, Restricted Stock Units, each of which is a bookkeeping entry representing the equivalent in value of one (1) Share, on the terms and conditions set forth herein and in the Plan.
2. **Vesting of Restricted Stock Units.** So long as your Service continues, the Restricted Stock Units shall vest in accordance with the following schedule: \_\_\_\_\_ percent ( \_\_\_%) of the total number of Restricted Stock Units granted pursuant to this Agreement shall vest on the First Vest Date and on each \_\_\_\_\_ anniversary thereafter, unless otherwise provided by the Plan or Section 4 below. If you take a leave of absence, the Company may, at its discretion, suspend vesting during the period of leave to the extent permitted under the employment laws in the jurisdiction where you are providing Service or under the terms of your employment or service agreement, if any.
3. **Termination of Service.** In the event of the termination of your Service for any reason (whether or not later found to be invalid or in breach of the employment laws in the jurisdiction where you are employed or providing Service, or the terms of your employment or service agreement, if any), all unvested Restricted Stock Units shall be immediately forfeited without consideration. For purposes of the preceding sentence, your right to vest in the Restricted Stock Units will terminate effective as of the date that you are no longer providing Service, and the Company shall have the exclusive discretion to determine when you are no longer providing Service for purposes of the Restricted Stock Units.
4. **Special Acceleration.**
  - (a) To the extent the Restricted Stock Units are outstanding at the time of a Corporate Transaction, such Restricted Stock Units shall automatically become vested in full immediately prior to the effective date of the Corporate Transaction. No such accelerated vesting, however, shall occur if and to the extent: (i) these Restricted Stock Units are, in connection with the Corporate Transaction, either assumed by the successor corporation (or parent thereof) or replaced with comparable restricted stock units of the successor corporation (or parent thereof) or (ii) these Restricted Stock Units are replaced with a cash incentive program of the successor corporation which complies with Code Section 409A and preserves the fair market value of the Restricted Stock Units at the time of the Corporate Transaction and provides for subsequent pay-out in accordance with the settlement provisions set forth in Section 5 below. The determination of the comparability of restricted stock units under clause (i) shall be made by the Committee, and such determination shall be final, binding and conclusive.
  - (b) Immediately following the effective date of the Corporate Transaction, this Agreement shall terminate and cease to be outstanding, except as set forth in Section 5 below with respect to the deferred settlement of Restricted Stock Units or to the extent assumed by the successor corporation (or parent thereof) in connection with the Corporate Transaction.

(c) If this Agreement is assumed in connection with a Corporate Transaction, then the Committee shall appropriately adjust the number of units and the kind of shares or securities to be issued pursuant to this Agreement immediately after such Corporate Transaction.

(d) To the extent the Restricted Stock Units are outstanding at the time of a Change in Control, such Restricted Stock Units shall automatically accelerate immediately prior to the effective date of the Change in Control and shall become vested in full at that time and settled in accordance with Section 5 below.

(e) This Agreement shall not in any way affect the right of the Company to adjust, reclassify, reorganize or otherwise change its capital or business structure or to merge, consolidate, dissolve, liquidate, sell or transfer all or any part of its business or assets.

5. **Settlement of Restricted Stock Units.** To the extent you are eligible but have not elected to defer settlement of the Restricted Stock Units, the Restricted Stock Units shall be automatically settled in Shares upon vesting of such Restricted Stock Units, provided that the Company shall have no obligation to issue Shares pursuant to this Agreement unless and until you have satisfied any applicable Tax-Related Items, as described and defined in Section 6 below, and such issuance otherwise complies with all applicable laws. To the extent you are eligible but have elected to defer settlement of the Restricted Stock Units, the vested portion of the Restricted Stock Units shall be settled in Shares upon the earlier of: (a) your separation from service within the meaning of Code Section 409A (“Separation from Service”) and (b) the fixed payment date elected by you, if any, at the time of such deferral (which shall be the first business day of a year no earlier than six years after the year of the Grant Date in accordance with procedures approved by the Committee), provided that the Company shall have no obligation to issue Shares pursuant to this Agreement unless such issuance complies with all applicable law. Notwithstanding the foregoing, to the extent your Restricted Stock Units would otherwise be settled upon your Separation from Service, such settlement shall instead occur upon the Company's first business day following the six-month anniversary of your Separation from Service. Prior to the time that the Restricted Stock Units are settled, you shall have no rights other than those of a general creditor of the Company. The Restricted Stock Units represent an unfunded and unsecured obligation of the Company.

## 6. **Taxes.**

(a) Regardless of any action the Company or your employer (the “Employer”) takes with respect to any and all income tax, social taxes or insurance contributions, payroll tax, payment on account or other tax-related items related to your participation in the Plan and legally applicable to you (“Tax-Related Items”), you acknowledge that the ultimate liability for all Tax-Related Items with respect to the Restricted Stock Units is and remains your responsibility and may exceed the amount actually withheld by the Company or the Employer. You further acknowledge that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Restricted Stock Units, including the grant, vesting or settlement of the Restricted Stock Units, or the subsequent sale of any Shares acquired at vesting or the receipt of any dividends with respect to such Shares, and (ii) do not commit to and are under no obligation to structure the terms or any aspect of the Restricted Stock Units to reduce or eliminate your liability for Tax-Related Items or achieve any particular tax result. Further, if you become subject to taxation in more than one jurisdiction between the Grant Date and the date of any relevant taxable event, you acknowledge that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

(b) Prior to any relevant tax, withholding or required deduction event, as applicable, you agree to make arrangements satisfactory to the Company for the satisfaction of any applicable tax, withholding, required deduction and payment on account of any obligations of the Company and/or the Employer that arise in connection with the Restricted Stock Units. In this regard, you authorize the Company and/or the Employer, or their respective agents, at their discretion, to satisfy any obligations related to Tax-Related Items by one or a combination of the following: (1) withholding from your wages or other cash compensation payable to you by the Company or the Employer; (2) withholding from proceeds of the sale of Shares acquired upon settlement of the Restricted Stock Units either through a voluntary sale or through a mandatory sale arranged by the Company (on your behalf pursuant to this authorization); (3) withholding of Shares that would otherwise be issued upon settlement of the Restricted Stock Units; or (4) requiring you to satisfy the liability for Tax-Related Items by means of any other arrangement approved by the Company. If the obligation for Tax-Related Items is satisfied by withholding Shares, for tax purposes, you are deemed to have been issued the full number of Shares subject to the vested Restricted Stock Units, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items due as a result of any aspect of your participation in the Plan. You agree to provide the Company and/or its stock plan broker/administrator with the information necessary to manage your Tax-Related Item withholding and acknowledge that should you fail to provide such information on a timely basis, the Company and/or its stock plan broker/administrator may be obligated to withhold amounts from you and it may be necessary for you to seek a refund directly from the tax authorities. To avoid financial accounting charges under applicable accounting guidance, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory rates or may take any other action required to avoid financial accounting charges under applicable accounting guidance. If the Company does not satisfy the obligation for Tax-Related Items by the withholding of Shares and instead withholds proceeds from the sale of Shares acquired upon settlement of the Restricted Stock Units, the Company may withhold or account for Tax-Related Items by considering maximum applicable rates, in which case you will receive a refund of any over-withheld amount in cash to the extent that any over-withheld amount has not otherwise been remitted to the applicable tax authority and will have no entitlement to the Common Stock equivalent.

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(c) Finally, you will pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of your participation in the Plan or your acquisition of Shares that cannot be satisfied by the means previously described. The Company shall not be required to issue or deliver Shares pursuant to this Agreement unless and until such obligations are satisfied.

7. **Tax and Legal Advice.** You represent, warrant and acknowledge that neither the Company nor your Employer have made any warranties or representations to you with respect to any Tax-Related Items, legal or financial consequences of the transactions contemplated by this Agreement, and you are in no manner relying on the Company, the Employer's or the Company's or the Employer's representatives for an assessment of such consequences. YOU UNDERSTAND THAT THE LAWS GOVERNING THIS AWARD ARE SUBJECT TO CHANGE. YOU SHOULD CONSULT YOUR OWN PROFESSIONAL TAX, LEGAL AND FINANCIAL ADVISOR REGARDING ANY RESTRICTED STOCK UNITS. YOU UNDERSTAND THAT THE COMPANY AND THE EMPLOYER ARE NOT PROVIDING ANY TAX, LEGAL, OR FINANCIAL ADVICE, NOR IS THE COMPANY OR THE EMPLOYER MAKING ANY RECOMMENDATION REGARDING YOUR ACCEPTANCE OF THIS AWARD. NOTHING STATED HEREIN IS INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, FOR THE PURPOSE OF AVOIDING TAXPAYER OR OTHER PENALTIES.

8. **Non-Transferability of Restricted Stock Units.** Restricted Stock Units shall not be anticipated, assigned, attached, garnished, optioned, transferred or made subject to any creditor's process, whether voluntarily or involuntarily or by operation of law.

9. **Restriction on Transfer.** Regardless of whether the transfer or issuance of the Shares to be issued pursuant to the Restricted Stock Units has been registered under the Securities Act or has been registered or qualified under the securities laws of any state, the Company may impose additional restrictions upon the sale, pledge, or other transfer of the Shares (including the placement of appropriate legends on stock certificates and the issuance of stop-transfer instructions to the Company's transfer agent) if, in the judgment of the Company and the Company's counsel, such restrictions are necessary in order to achieve compliance with the provisions of the Securities Act, the securities laws of any state, or any other law, including all applicable foreign laws.

10. **Restrictive Legends and Stop-Transfer Instructions.** Stock certificates evidencing the Shares issued pursuant to the Restricted Stock Units may bear such restrictive legends and/or appropriate stop-transfer instructions may be issued to the Company's transfer agent as the Company and the Company's counsel deem necessary under applicable law or pursuant to this Agreement.

11. **Representations, Warranties, Covenants, and Acknowledgments.** You hereby agree that in the event the Company and the Company's counsel deem it necessary or advisable in the exercise of their discretion, the transfer or issuance of the Shares issued pursuant to the Restricted Stock Units may be conditioned upon you making certain representations, warranties, and acknowledgments relating to compliance with applicable laws.

12. **Voting, Dividend and Other Rights.** Subject to the terms of this Agreement and except as set forth below, you shall not have any voting rights or any other rights and privileges of a shareholder of the Company unless and until the Restricted Stock Units are settled in Shares. To the extent you have elected to defer settlement of the Restricted Stock Units with a First Vest Date on or after September 11, 2016, dividend equivalents shall only accrue after the vesting of the Restricted Stock Units and will be subject to the same conditions and restrictions as the Restricted Stock Units to which they attach as set forth in the Plan or this Agreement and will be settled in additional Shares upon the settlement of the Restricted Stock Units as set forth in Section 5 above.

13. **Authorization to Release and Transfer Necessary Personal Information.**

(a) *You hereby explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of your personal information as described in this Agreement by and among, as applicable, the Employer, and the Company and its Parent, Subsidiaries and Affiliates for the exclusive purpose of implementing, administering and managing your participation in the Plan.*

(b) *You understand that the Company and the Employer may hold certain personal information about you, including, but not limited to, your name, home address and telephone number, date of birth, social insurance number (or any other social or national identification number), salary, nationality, job title, residency status, any Shares or directorships held in the Company, details of all Restricted Stock Units or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding (the "Data") for the purpose of implementing, administering and managing your participation in the Plan. You understand that the Data may be transferred to the Company or any of its Parent, Subsidiaries or Affiliates, or to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in your country or elsewhere, including outside the European Economic Area, and that the recipient's country (e.g., the United States) may have different data privacy laws and protections than your country. You understand that you may request a list with the names and addresses of any potential recipients of the Data by contacting your local human resources representative. You authorize the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purposes of implementing, administering and managing your participation in the Plan, including any requisite transfer of such Data to a broker or other third party assisting with the administration of these Restricted Stock Units under the Plan or with whom Shares acquired pursuant to these Restricted Stock Units or cash from the sale of such Shares may be deposited.*

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*Furthermore, you acknowledge and understand that the transfer of the Data to the Company or any of its Parent, Subsidiaries or Affiliates, or to any third parties is necessary for your participation in the Plan.*

*(c) You understand that the Data will be held only as long as is necessary to implement, administer and manage your participation in the Plan. You understand that you may, at any time, view the Data, request additional information about the storage and processing of the Data, require any necessary amendments to the Data or refuse or withdraw the consents herein by contacting your local human resources representative in writing. Further, you understand that you are providing the consents herein on a purely voluntary basis. If you do not consent, or if you later seek to revoke your consent, your employment status or service and career with the Employer will not be adversely affected; the only adverse consequence of refusing or withdrawing your consent is that the Company would not be able to grant you Restricted Stock Units or other equity awards, or administer or maintain such awards. Therefore, you understand that refusing or withdrawing your consent may affect your ability to vest in or realize benefits from these Restricted Stock Units and your ability to participate in the Plan. For more information on the consequences of your refusal to consent or withdrawal of consent, you understand that you may contact your local human resources representative.*

**14. No Entitlement or Claims for Compensation.**

(a) Your rights, if any, in respect of or in connection with these Restricted Stock Units or any other Award are derived solely from the discretionary decision of the Company to permit you to participate in the Plan and to benefit from a discretionary Award. The Plan may be amended, suspended or terminated by the Company at any time, unless otherwise provided in the Plan and this Agreement. By accepting these Restricted Stock Units, you expressly acknowledge that there is no obligation on the part of the Company to continue the Plan and/or grant any additional Restricted Stock Units to you or benefits in lieu of Restricted Stock Units, even if Restricted Stock Units have been granted in the past. All decisions with respect to future grants of Restricted Stock Units, if any, will be at the sole discretion of the Committee.

(b) The Restricted Stock Units and the Shares subject to the Restricted Stock Units are not intended to replace any pension rights or compensation and are not to be considered compensation of a continuing or recurring nature, or part of your normal or expected compensation, and in no way represent any portion of your salary, compensation or other remuneration for any purpose, including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments, and in no event should be considered as compensation for, or relating in any way to, past services for the Company, the Employer or any Parent, Subsidiary or Affiliate. The value of the Restricted Stock Units is an extraordinary item that does not constitute compensation of any kind for services of any kind rendered to the Company, the Employer or any Parent, Subsidiary or Affiliate and which is outside the scope of your written employment or service agreement (if any).

(c) You acknowledge that you are voluntarily participating in the Plan.

(d) Neither the Plan nor these Restricted Stock Units or any other Award granted under the Plan shall be deemed to give you a right to remain an Employee, Consultant or director of the Company, a Parent, Subsidiary or an Affiliate. The Employer reserves the right to terminate your Service at any time, with or without cause, and for any reason.

(e) The grant of the Restricted Stock Units and your participation in the Plan will not be interpreted to form an employment contract or service relationship with the Company, the Employer or any Parent, Subsidiary or Affiliate.

(f) The future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty and if you vest in the Restricted Stock Units and are issued Shares, the value of those Shares may increase or decrease. You also understand that none of the Company, the Employer or any Parent, Subsidiary or Affiliate is responsible for any foreign exchange fluctuation between the Employer's local currency and the United States Dollar that may affect the value of this Award.

(g) No claim or entitlement to compensation or damages shall arise from forfeiture of the Restricted Stock Units resulting from the termination of your Service by the Company or the Employer (for any reason whatsoever and whether or not later found to be invalid or in breach of the employment laws in the jurisdiction where you are employed or providing Service, or the terms of your employment or service agreement, if any) and, in consideration of the grant of the Award to which you are not otherwise entitled, you irrevocably agree never to institute any claim against the Employer, the Company or its Parent, Subsidiaries or Affiliates, waive your ability, if any, to bring any such claim, and release the Company and its Parent, Subsidiaries and Affiliates from any such claim; if notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by accepting the Award, you shall be deemed irrevocably to have agreed to not pursue such claim and agree to execute any and all documents necessary to request the withdrawal of such claim.

(h) You agree that the Company may require Shares received pursuant to the Restricted Stock Units to be held by a broker designated by the Company.

(i) You agree that your rights hereunder (if any) shall be subject to set-off by the Company for any valid debts you owe the Company.

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(j) Unless otherwise provided in the Plan or this Agreement, or by the Company in its discretion, the Restricted Stock Units and the benefits evidenced by this Agreement do not create any entitlement to have the Restricted Stock Units transferred to, or assumed by, another company, nor to be exchanged, cashed out or substituted for in connection with any Corporate Transaction affecting the Common Stock.

15. **Governing Law and Forum.** This Agreement shall be governed by and construed in accordance with the laws of the State of California without regard to the conflict of laws principles thereof. For purposes of litigating any dispute that may arise directly or indirectly from this Agreement, the parties hereby submit and consent to litigation in the exclusive jurisdiction of the State of California and agree that any such litigation shall be conducted only in the courts of California or the federal courts for the United States for the Northern District of California and no other courts.

16. **Notices.** Any notice required or permitted under the terms of this Agreement shall be in writing and shall be deemed sufficient when delivered personally or sent by confirmed email, telegram, or fax or forty-eight (48) hours after being deposited in the mail, as certified or registered mail, with postage prepaid, and addressed to the Company at the Company's principal corporate offices or to you at the address maintained for you in the Company's records or, in either case, as subsequently modified by written notice to the other party.

17. **Binding Effect.** Subject to the limitations set forth in this Agreement, this Agreement shall be binding upon, and inure to the benefit of, the executors, administrators, heirs, legal representatives, successors, and assigns of the parties hereto.

18. **Severability.** If any provision of this Agreement is held to be unenforceable for any reason, it shall be adjusted rather than voided, if possible, in order to achieve the intent of the parties to the extent possible. In any event, all other provisions of this Agreement shall be deemed valid and enforceable to the full extent possible.

19. **Waiver.** You agree that a waiver by the Company of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by you or any other participant.

20. **Electronic Delivery.** The Company may, in its sole discretion, decide to deliver any documents related to your current or future participation in the Plan by electronic means or to request your consent to participate in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

21. **Language.** If this Agreement or any other document related to the Plan is translated into a language other than English and the meaning of the translated version is different from the English version, the English version will take precedence.

22. **Appendix.** Notwithstanding any provisions in this Agreement, the Restricted Stock Units shall be subject to any special terms and conditions set forth in any Appendix to this Agreement for your country of residence. Moreover, if you relocate to one of the countries included in the Appendix, the special terms and conditions for such country will apply to you, to the extent the Company determines that the application of such terms and conditions is necessary or advisable in order to comply with local law or facilitate the administration of the Plan. The Appendix constitutes part of this Agreement.

23. **Imposition of Other Requirements.** The Company reserves the right to impose other requirements on your participation in the Plan, on the Restricted Stock Units and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable in order to comply with local law or facilitate the administration of the Plan. You agree to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing. Furthermore, you acknowledge that the laws of the country in which you are working at the time of grant, vesting and settlement of the Restricted Stock Units or the sale of Shares received pursuant to this Agreement (including any rules or regulations governing securities, foreign exchange, tax, labor, or other matters) may subject you to additional procedural or regulatory requirements that you are and will be solely responsible for and must fulfill.

24. **Acceptance of Agreement.** You must expressly accept the terms and conditions of your Restricted Stock Units as set forth in this Agreement by electronically accepting this Agreement within 300 days after the Company sends this Agreement to you. If you do not accept your Restricted Stock Units in the manner instructed by the Company, your Restricted Stock Units will be subject to cancellation.

\* \* \* \*

You acknowledge that by clicking on the *I agree* button below, you agree to be bound by the terms of this Agreement.

**PLEASE PRINT AND KEEP A COPY FOR YOUR RECORDS**

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**CISCO SYSTEMS, INC.**  
**STOCK UNIT AGREEMENT**

This Stock Unit Agreement (the "Agreement") is made and entered into as of the Grant Date (as defined below) by and between Cisco Systems, Inc., a California corporation (the "Company"), and you pursuant to the Cisco Systems, Inc. 2005 Stock Incentive Plan (the "Plan"). The material terms of this Stock Unit Award are as follows:

Employee ID: \_\_\_\_\_  
Grant Date: \_\_\_\_\_  
Grant Number: \_\_\_\_\_  
Restricted Stock Units: \_\_\_\_\_  
First Vest Date: \_\_\_\_\_

To the extent any capitalized terms used in this Agreement are not defined, they shall have the meaning ascribed to them in the Plan. In the event of a conflict between the terms and provisions of the Plan and the terms and provisions of this Agreement, the Plan terms and provisions shall prevail.

In consideration of the mutual agreements herein contained and intending to be legally bound hereby, the parties agree as follows:

1. **Restricted Stock Units.** Pursuant to the Plan, the Company hereby grants to you, and you hereby accept from the Company, Restricted Stock Units, each of which is a bookkeeping entry representing the equivalent in value of one (1) Share, on the terms and conditions set forth herein and in the Plan.

2. **Vesting of Restricted Stock Units.** So long as your Service continues, the Restricted Stock Units shall vest in accordance with the following schedule: \_\_\_\_\_ percent (\_\_\_%) of the total number of Restricted Stock Units granted pursuant to this Agreement shall vest on the First Vest Date and on each \_\_\_\_\_ anniversary thereafter, unless otherwise provided by the Plan or Section 4 below. If you take a leave of absence, the Company may, at its discretion, suspend vesting during the period of leave to the extent permitted under the employment laws in the jurisdiction where you are providing Service or the terms your employment or service agreement, if any. Prior to the time that the Restricted Stock Units are settled, you shall have no rights other than those of a general creditor of the Company. The Restricted Stock Units represent an unfunded and unsecured obligation of the Company.

3. **Termination of Service.** In the event of the termination of your Service for any reason (whether or not later found to be invalid or in breach of the employment laws in the jurisdiction where you are employed or providing Service, or the terms your employment or service agreement, if any), all unvested Restricted Stock Units shall be immediately forfeited without consideration. For purposes of the preceding sentence, your right to vest in the Restricted Stock Units will terminate effective as of the date that you are no longer providing Service; the Company shall have the exclusive discretion to determine when you are no longer providing Service for purposes of the Restricted Stock Units.

4. **Special Acceleration.**

(a) To the extent the Restricted Stock Units are outstanding at the time of a Corporate Transaction, such Restricted Stock Units shall automatically become vested in full immediately prior to the effective date of the Corporate Transaction. No such accelerated vesting, however, shall occur if and to the extent: (i) these Restricted Stock Units are, in connection with the Corporate Transaction, either assumed by the successor corporation (or parent thereof) or replaced with comparable restricted stock units of the successor corporation (or parent thereof) or (ii) these Restricted Stock Units are replaced with a cash incentive program of the successor corporation which complies with Code Section 409A and preserves the fair market value of the Restricted Stock Units at the time of the Corporate Transaction and provides for subsequent pay-out in accordance with the settlement provisions set forth in Section 5 below. The determination of the comparability of restricted stock units under clause (i) shall be made by the Committee, and such determination shall be final, binding and conclusive.

(b) Immediately following the effective date of the Corporate Transaction, this Agreement shall terminate and cease to be outstanding, except as set forth in Section 5 below with respect to the deferred settlement of Restricted Stock Units or to the extent assumed by the successor corporation (or parent thereof) in connection with the Corporate Transaction.

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(c) If this Agreement is assumed in connection with a Corporate Transaction, then the Committee shall appropriately adjust the number of units and the kind of shares or securities to be issued pursuant to this Agreement immediately after such Corporate Transaction.

(d) To the extent the Restricted Stock Units are outstanding at the time of a Change in Control, such Restricted Stock Units shall automatically accelerate immediately prior to the effective date of the Change in Control and shall become vested in full at that time and settled in accordance with Section 5 below.

(e) This Agreement shall not in any way affect the right of the Company to adjust, reclassify, reorganize or otherwise change its capital or business structure or to merge, consolidate, dissolve, liquidate, sell or transfer all or any part of its business or assets.

5. **Settlement of Restricted Stock Units.** To the extent you are eligible but have not elected to defer settlement of the Restricted Stock Units, the Restricted Stock Units shall be automatically settled in Shares upon vesting of such Restricted Stock Units, provided that the Company shall have no obligation to issue Shares pursuant to this Agreement unless and until you have satisfied any applicable Tax-Related Items, as described in Section 6 below, and such issuance otherwise complies with all applicable laws. To the extent you are eligible but have elected to defer settlement of the Restricted Stock Units, the vested portion of the Restricted Stock Units shall be settled in Shares upon the earlier of: (a) your separation from service within the meaning of Code Section 409A (“Separation from Service”) and (b) the fixed payment date elected by you, if any, at the time of such deferral (which shall be the first business day of a year no earlier than six years after the year of the Grant Date in accordance with procedures approved by the Committee), provided that the Company shall have no obligation to issue Shares pursuant to this Agreement unless such issuance complies with all applicable law. Notwithstanding the foregoing, to the extent your Restricted Stock Units would otherwise be settled upon your Separation from Service, such settlement shall instead occur upon the Company's first business day following the six-month anniversary of your Separation from Service.

6. **Taxes.**

(a) Regardless of any action the Company or your employer (the “Employer”) takes with respect to any and all income tax, social taxes or insurance contributions, payroll tax, payment on account or other tax-related items related to your participation in the Plan and legally applicable to you (“Tax-Related Items”), you acknowledge that the ultimate liability for all Tax-Related Items with respect to the Restricted Stock Units is and remains your responsibility and may exceed the amount actually withheld by the Company or the Employer. You further acknowledge that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Restricted Stock Units, including the grant, vesting or settlement of the Restricted Stock Units, or the subsequent sale of any Shares acquired at vesting or the receipt of any dividends with respect to such Shares, and (ii) do not commit to and are under no obligation to structure the terms or any aspect of the Restricted Stock Units to reduce or eliminate your liability for Tax-Related Items or achieve any particular tax result. Further, if you become subject to taxation in more than one jurisdiction between the Grant Date and the date of any relevant taxable event, you acknowledge that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

(b) Prior to any relevant tax, withholding or required deduction event, as applicable, you agree to make arrangements satisfactory to the Company for the satisfaction of any applicable tax, withholding, required deduction and payment on account obligations of the Company and/or the Employer that arise in connection with the Restricted Stock Units. In this regard, you authorize the Company and/or the Employer, or their respective agents, at their discretion, to satisfy any obligations related to Tax-Related Items by one or a combination of the following: (1) withholding from your wages or other cash compensation payable to you by the Company or the Employer; (2) withholding from proceeds of the sale of Shares acquired upon settlement of the Restricted Stock Units either through a voluntary sale or through a mandatory sale arranged by the Company (on your behalf pursuant to this authorization); (3) withholding of Shares that would otherwise be issued upon settlement of the Restricted Stock Units; or (4) requiring you to satisfy the liability for Tax-Related Items by means of any other arrangement approved by the Company. If the obligation for Tax-Related Items is satisfied by withholding of Shares, for tax purposes, you are deemed to have been issued the full number of Shares subject to the vested Restricted Stock Units, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items due as a result of any aspect of your participation in the Plan. You agree to provide the Company and/or its stock plan broker/administrator with the information necessary to manage your Tax-Related Item withholding and acknowledge that should you fail to provide such information on a timely basis, the Company and/or its stock plan broker / administrator may be obligated to withhold amounts from you and it may be necessary for you to seek a refund directly from the tax authorities. To avoid financial accounting charges under applicable accounting guidance, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory rates or may take any other action required to avoid financial accounting charges under applicable accounting guidance. If the Company does not satisfy the obligation for Tax-Related Items by the withholding of Shares and instead withholds proceeds from the sale of Shares acquired upon settlement of the Restricted Stock Units, the Company may withhold or account for Tax-Related Items by considering maximum applicable rates, in which case you will receive a refund of any over-withheld amount in cash to the extent that any over-withheld amount has not otherwise been remitted to the applicable tax authority and will have no entitlement to the Common Stock equivalent.

(c) Finally, you will pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of your participation in the Plan or your acquisition of Shares that cannot be

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satisfied by the means previously described. The Company shall not be required to issue or deliver Shares pursuant to this Agreement unless and until such obligations are satisfied.

7. **Tax and Legal Advice.** You represent, warrant and acknowledge that neither the Company nor your Employer have made any warranties or representations to you with respect to any Tax-Related Items, legal or financial consequences of the transactions contemplated by this Agreement, and you are in no manner relying on the Company, the Employer's or the Company's or the Employer's representatives for an assessment of such consequences. YOU UNDERSTAND THAT THE LAWS GOVERNING THIS AWARD ARE SUBJECT TO CHANGE. YOU SHOULD CONSULT YOUR OWN PROFESSIONAL TAX, LEGAL AND FINANCIAL ADVISOR REGARDING ANY RESTRICTED STOCK UNITS. YOU UNDERSTAND THAT THE COMPANY AND THE EMPLOYER ARE NOT PROVIDING ANY TAX, LEGAL, OR FINANCIAL ADVICE, NOR IS THE COMPANY OR THE EMPLOYER MAKING ANY RECOMMENDATION REGARDING YOUR ACCEPTANCE OF THIS AWARD. NOTHING STATED HEREIN IS INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, FOR THE PURPOSE OF AVOIDING TAXPAYER OR OTHER PENALTIES.

8. **Non-Transferability of Restricted Stock Units.** Restricted Stock Units shall not be anticipated, assigned, attached, garnished, optioned, transferred or made subject to any creditor's process, whether voluntarily or involuntarily or by operation of law.

9. **Restriction on Transfer.** Regardless of whether the transfer or issuance of the Shares to be issued pursuant to the Restricted Stock Units has been registered under the Securities Act or has been registered or qualified under the securities laws of any state, the Company may impose additional restrictions upon the sale, pledge, or other transfer of the Shares (including the placement of appropriate legends on stock certificates and the issuance of stop-transfer instructions to the Company's transfer agent) if, in the judgment of the Company and the Company's counsel, such restrictions are necessary in order to achieve compliance with the provisions of the Securities Act, the securities laws of any state, or any other law, including all applicable foreign laws.

10. **Restrictive Legends and Stop-Transfer Instructions.** Stock certificates evidencing the Shares issued pursuant to the Restricted Stock Units may bear such restrictive legends and/or appropriate stop-transfer instructions may be issued to the Company's transfer agent as the Company and the Company's counsel deem necessary under applicable law or pursuant to this Agreement.

11. **Representations, Warranties, Covenants, and Acknowledgments.** You hereby agree that in the event the Company and the Company's counsel deem it necessary or advisable in the exercise of their discretion, the transfer or issuance of the Shares issued pursuant to the Restricted Stock Units may be conditioned upon you making certain representations, warranties, and acknowledgments relating to compliance with applicable laws.

12. **Voting and Other Rights.** Subject to the terms of this Agreement, you shall not have any voting rights or any other rights and privileges of a stockholder of the Company unless and until the Restricted Stock Units are settled in Shares. In addition, you shall not have any rights to dividend equivalent payments with respect to Restricted Stock Units.

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13. **Authorization to Release and Transfer Necessary Personal Information.**

(a) *You hereby explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of your personal information as described in this Agreement by and among, as applicable, the Employer, and the Company and its Parent, Subsidiaries and Affiliates for the exclusive purpose of implementing, administering and managing your participation in the Plan.*

(b) *You understand that the Company and the Employer may hold certain personal information about you, including, but not limited to, your name, home address and telephone number, date of birth, social insurance number (or any other social or national identification number), salary, nationality, job title, residency status, any Shares or directorships held in the Company, details of all Restricted Stock Units or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding (the "Data") for the purpose of implementing, administering and managing your participation in the Plan. You understand that the Data may be transferred to the Company or any of its Parent, Subsidiaries or Affiliates, or to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in your country or elsewhere, including outside the European Economic Area, and that the recipient's country (e.g., the United States) may have different data privacy laws and protections than your country. You understand that you may request a list with the names and addresses of any potential recipients of the Data by contacting your local human resources representative. You authorize the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purposes of implementing, administering and managing your participation in the Plan, including any requisite transfer of such Data to a broker or other third party assisting with the administration of these Restricted Stock Units under the Plan or with whom Shares acquired pursuant to these Restricted Stock Units or cash from the sale of such Shares may be deposited. Furthermore, you acknowledge and understand that the transfer of the Data to the Company or any of its Parent, Subsidiaries or Affiliates, or to any third parties is necessary for your participation in the Plan.*

(c) *You understand that the Data will be held only as long as is necessary to implement, administer and manage your participation in the Plan. You understand that you may, at any time, view the Data, request additional information about the storage and processing of the Data, require any necessary amendments to the Data or refuse or withdraw the consents herein by contacting your local human resources representative in writing. Further, you understand that you are providing the consents herein on a purely voluntary basis. If you do not consent, or if you later seek to revoke your consent, your employment status or service and career with the Employer will not be adversely affected; the only adverse consequence of refusing or withdrawing your consent is that the Company would not be able to grant you Restricted Stock Units or other equity awards, or administer or maintain such awards. Therefore, you understand that refusing or withdrawing your consent may affect your ability to vest in or realize benefits from these Restricted Stock Units and your ability to participate in the Plan. For more information on the consequences of your refusal to consent or withdrawal of consent, you understand that you may contact your local human resources representative.*

14. **No Entitlement or Claims for Compensation.**

(a) Your rights, if any, in respect of or in connection with these Restricted Stock Units or any other Award are derived solely from the discretionary decision of the Company to permit you to participate in the Plan and to benefit from a discretionary Award. The Plan may be amended, suspended or terminated by the Company at any time, unless otherwise provided in the Plan and this Agreement. By accepting these Restricted Stock Units, you expressly acknowledge that there is no obligation on the part of the Company to continue the Plan and/or grant any additional Restricted Stock Units to you or benefits in lieu of Restricted Stock Units, even if Restricted Stock Units have been granted in the past. All decisions with respect to future grants of Restricted Stock Units, if any, will be at the sole discretion of the Committee.

(b) The Restricted Stock Units and the Shares subject to the Restricted Stock Units are not intended to replace any pension rights or compensation and are not to be considered compensation of a continuing or recurring nature, or part of your normal or expected compensation, and in no way represent any portion of your salary, compensation or other remuneration for any purpose, including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments, and in no event should be considered as compensation for, or relating in any way to, past services for the Company, the Employer or any Parent, Subsidiary or Affiliate. The value of the Restricted Stock Units is an extraordinary item that does not constitute compensation of any kind for services of any kind rendered to the Company, the Employer or any Parent, Subsidiary or Affiliate and which is outside the scope of your written employment or service agreement (if any).

(c) You acknowledge that you are voluntarily participating in the Plan.

(d) Neither the Plan nor these Restricted Stock Units or any other Award granted under the Plan shall be deemed to give you a right to remain an Employee, Consultant or director of the Company, a Parent, Subsidiary or an Affiliate. The Employer reserves the right to terminate your Service at any time, with or without cause, and for any reason.

(e) The grant of the Restricted Stock Units and your participation in the Plan will not be interpreted to form an employment contract or service relationship with the Company, the Employer or any Parent, Subsidiary or Affiliate.

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(f) The future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty and if you vest in the Restricted Stock Units and are issued Shares, the value of those Shares may increase or decrease. You also understand that none of the Company, the Employer or any Parent, Subsidiary or Affiliate is responsible for any foreign exchange fluctuation between the Employer's local currency and the United States Dollar that may affect the value of this Award.

(g) No claim or entitlement to compensation or damages shall arise from forfeiture of the Restricted Stock Units resulting from the termination of your Service by the Company or the Employer (for any reason whatsoever and whether or not later found to be invalid or in breach of the employment laws in the jurisdiction where you are employed or providing Service, or the terms your employment or service agreement, if any) and, in consideration of the grant of the Award to which you are not otherwise entitled, you irrevocably agree never to institute any claim against the Employer, the Company or its Parent, Subsidiaries or Affiliates, waive your ability, if any, to bring any such claim, and release the Company and its Parent, Subsidiaries and Affiliates from any such claim; if notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by accepting the Award, you shall be deemed irrevocably to have agreed to not pursue such claim and agree to execute any and all documents necessary to request the withdrawal of such claim.

(h) You agree that the Company may require Shares received pursuant to the Restricted Stock Units to be held by a broker designated by the Company.

(i) You agree that your rights hereunder (if any) shall be subject to set-off by the Company for any valid debts you owe the Company.

(j) Unless otherwise provided in the Plan or this Agreement, or by the Company in its discretion, the Restricted Stock Units and the benefits evidenced by this Agreement do not create any entitlement to have the Restricted Stock Units transferred to, or assumed by, another company, nor to be exchanged, cashed out or substituted for in connection with any Corporate Transaction affecting the Common Stock.

15. **Governing Law and Forum.** This Agreement shall be governed by and construed in accordance with the laws of the State of California without regard to the conflict of laws principles thereof. For purposes of litigating any dispute that may arise directly or indirectly from this Agreement, the parties hereby submit and consent to litigation in the exclusive jurisdiction of the State of California and agree that any such litigation shall be conducted only in the courts of California or the federal courts for the United States for the Northern District of California and no other courts.

16. **Notices.** Any notice required or permitted under the terms of this Agreement shall be in writing and shall be deemed sufficient when delivered personally or sent by confirmed email, telegram, or fax or forty-eight (48) hours after being deposited in the mail, as certified or registered mail, with postage prepaid, and addressed to the Company at the Company's principal corporate offices or to you at the address maintained for you in the Company's records or, in either case, as subsequently modified by written notice to the other party.

17. **Binding Effect.** Subject to the limitations set forth in this Agreement, this Agreement shall be binding upon, and inure to the benefit of, the executors, administrators, heirs, legal representatives, successors, and assigns of the parties hereto.

18. **Severability.** If any provision of this Agreement is held to be unenforceable for any reason, it shall be adjusted rather than voided, if possible, in order to achieve the intent of the parties to the extent possible. In any event, all other provisions of this Agreement shall be deemed valid and enforceable to the full extent possible.

19. **Waiver.** You agree that a waiver by the Company of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by you or any other participant.

20. **Electronic Delivery.** The Company may, in its sole discretion, decide to deliver any documents related to your current or future participation in the Plan by electronic means or to request your consent to participate in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

21. **Language.** If this Agreement or any other document related to the Plan is translated into a language other than English and the meaning of the translated version is different from the English version, the English version will take precedence.

22. **Appendix.** Notwithstanding any provisions in this Agreement, the Restricted Stock Units shall be subject to any special terms and conditions set forth in any Appendix to this Agreement for your country of residence. Moreover, if you relocate to one of the countries included in the Appendix, the special terms and conditions for such country will apply to you, to the extent the Company determines that the application of such terms and conditions is necessary or advisable in order to comply with local law or facilitate the administration of the Plan. The Appendix constitutes part of this Agreement.

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23. **Imposition of Other Requirements.** The Company reserves the right to impose other requirements on your participation in the Plan, on the Restricted Stock Units and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable in order to comply with local law or facilitate the administration of the Plan. You agree to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing. Furthermore, you acknowledge that the laws of the country in which you are working at the time of grant, vesting and settlement of the Restricted Stock Units or the sale of Shares received pursuant to this Agreement (including any rules or regulations governing securities, foreign exchange, tax, labor, or other matters) may subject you to additional procedural or regulatory requirements that you are and will be solely responsible for and must fulfill.

24. **Acceptance of Agreement.** You must expressly accept the terms and conditions of your Restricted Stock Units as set forth in this Agreement by electronically accepting this Agreement within 300 days after the Company sends this Agreement to you. If you do not accept your Restricted Stock Units in the manner instructed by the Company, your Restricted Stock Units will be subject to cancellation.

\* \* \* \*

You acknowledge that by clicking on the *I agree* button below, you agree to be bound by the terms of this Agreement.

**PLEASE PRINT AND KEEP A COPY FOR YOUR RECORDS**

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**CISCO SYSTEMS, INC.  
STOCK UNIT AGREEMENT**

This Stock Unit Agreement (the "Agreement") is made and entered into as of the Grant Date (as defined below) by and between Cisco Systems, Inc., a California corporation (the "Company"), and you pursuant to the Cisco Systems, Inc. 2005 Stock Incentive Plan (the "Plan"). The material terms of this Stock Unit Award are as follows:

Employee ID: \_\_\_\_\_

Grant Date: \_\_\_\_\_

Grant Number: \_\_\_\_\_

Restricted Stock Units: \_\_\_\_\_

First Vest Date: \_\_\_\_\_

To the extent any capitalized terms used in this Agreement are not defined, they shall have the meaning ascribed to them in the Plan. In the event of a conflict between the terms and provisions of the Plan and the terms and provisions of this Agreement, the Plan terms and provisions shall prevail.

In consideration of the mutual agreements herein contained and intending to be legally bound hereby, the parties agree as follows:

1. **Restricted Stock Units.** Pursuant to the Plan, the Company hereby grants to you, and you hereby accept from the Company, Restricted Stock Units, each of which is a bookkeeping entry representing the equivalent in value of one (1) Share, on the terms and conditions set forth herein and in the Plan.

2. **Vesting of Restricted Stock Units.** So long as your Service continues, the Restricted Stock Units shall vest in accordance with the following schedule: \_\_\_\_\_ percent (\_\_\_\_%) of the total number of Restricted Stock Units granted pursuant to this Agreement shall vest on the First Vest Date and on each \_\_\_\_\_ anniversary thereafter, unless otherwise provided by the Plan or Section 4 below. If you take a leave of absence, the Company may, at its discretion, suspend vesting during the period of leave to the extent permitted under applicable local law. Prior to the time that the Restricted Stock Units are settled, you shall have no rights other than those of a general creditor of the Company. The Restricted Stock Units represent an unfunded and unsecured obligation of the Company.

3. **Termination of Service.** In the event of the termination of your Service for any reason (whether or not in breach of local labor laws), all unvested Restricted Stock Units shall be immediately forfeited without consideration. For purposes of the preceding sentence, your right to vest in the Restricted Stock Units will terminate effective as of the date that you are no longer actively providing Service and will not be extended by any notice period mandated under local law (e.g., active Service would not include a period of "garden leave" or similar period pursuant to local law); the Company shall have the exclusive discretion to determine when you are no longer actively providing Service for purposes of the Restricted Stock Units.

4. **Special Acceleration.**

(a) To the extent the Restricted Stock Units are outstanding at the time of a Corporate Transaction, such Restricted Stock Units shall automatically become vested in full immediately prior to the effective date of the Corporate Transaction. No such accelerated vesting, however, shall occur if and to the extent: (i) these Restricted Stock Units are, in connection with the Corporate Transaction, either assumed by the successor corporation (or parent thereof) or replaced with comparable restricted stock units of the successor corporation (or parent thereof) or (ii) these Restricted Stock Units are replaced with a cash incentive program of the successor corporation which complies with Code Section 409A and preserves the fair market value of the Restricted Stock Units at the time of the Corporate Transaction and provides for subsequent pay-out in accordance with the settlement provisions set forth in Section 5 below. The determination of the comparability of restricted stock units under clause (i) shall be made by the Committee, and such determination shall be final, binding and conclusive.

(b) Immediately following the effective date of the Corporate Transaction, this Agreement shall terminate and cease to be outstanding, except as set forth in Section 5 below with respect to the deferred settlement of Restricted Stock Units or to the extent assumed by the successor corporation (or parent thereof) in connection with the Corporate Transaction.

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(c) If this Agreement is assumed in connection with a Corporate Transaction, then the Committee shall appropriately adjust the number of units and the kind of shares or securities to be issued pursuant to this Agreement immediately after such Corporate Transaction.

(d) To the extent the Restricted Stock Units are outstanding at the time of a Change in Control, such Restricted Stock Units shall automatically accelerate immediately prior to the effective date of the Change in Control and shall become vested in full at that time and settled in accordance with Section 5 below.

(e) This Agreement shall not in any way affect the right of the Company to adjust, reclassify, reorganize or otherwise change its capital or business structure or to merge, consolidate, dissolve, liquidate, sell or transfer all or any part of its business or assets.

**5. Settlement of Restricted Stock Units.** To the extent you are eligible but have not elected to defer settlement of the Restricted Stock Units, the Restricted Stock Units shall be automatically settled in Shares upon vesting of such Restricted Stock Units, provided that the Company shall have no obligation to issue Shares pursuant to this Agreement unless and until you have satisfied any applicable tax and/or other obligations pursuant to Section 6 below and such issuance otherwise complies with all applicable law. To the extent you are eligible but have elected to defer settlement of the Restricted Stock Units, the vested portion of the Restricted Stock Units shall be settled in Shares upon the earlier of: (a) your separation from service within the meaning of Code Section 409A (“Separation from Service”) and (b) the fixed payment date elected by you, if any, at the time of such deferral (which shall be the first business day of a year no earlier than six years after the year of the Grant Date in accordance with procedures approved by the Committee), provided that the Company shall have no obligation to issue Shares pursuant to this Agreement unless such issuance complies with all applicable law. Notwithstanding the foregoing, to the extent your Restricted Stock Units would otherwise be settled upon your Separation from Service, such settlement shall instead occur upon the Company’s first business day following the six-month anniversary of your Separation from Service.

## **6. Taxes.**

(a) Regardless of any action the Company or your employer (the “Employer”) takes with respect to any and all income tax, social taxes or insurance contributions, payroll tax, payment on account or other tax-related items related to your participation in the Plan and legally applicable to you (“Tax-Related Items”), you acknowledge that the ultimate liability for all Tax-Related Items with respect to the Restricted Stock Units is and remains your responsibility and may exceed the amount actually withheld by the Company or the Employer. You further acknowledge that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Restricted Stock Units, including the grant, vesting or settlement of the Restricted Stock Units, or the subsequent sale of any Shares acquired at vesting or the receipt of any dividends with respect to such Shares; and (ii) do not commit to and are under no obligation to structure the terms or any aspect of the Restricted Stock Units to reduce or eliminate your liability for Tax-Related Items or achieve any particular tax result. Further, if you become subject to taxation in more than one jurisdiction between the Grant Date and the date of any relevant taxable event, you acknowledge that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

(b) Prior to any relevant tax, withholding or required deduction event, as applicable, you agree to make arrangements satisfactory to the Company for the satisfaction of any applicable tax, withholding, required deduction and payment on account obligations of the Company and/or the Employer that arise in connection with the Restricted Stock Units. In this regard, you authorize the Company and/or the Employer, or their respective agents, at their discretion, to satisfy any obligations related to Tax-Related Items by one or a combination of the following: (1) withholding from your wages or other cash compensation payable to you by the Company or the Employer; (2) withholding from proceeds of the sale of Shares acquired upon settlement of the Restricted Stock Units either through a voluntary sale or through a mandatory sale arranged by the Company (on your behalf pursuant to this authorization); (3) withholding of Shares that would otherwise be issued upon settlement of the Restricted Stock Units; or (4) requiring you to satisfy the liability for Tax-Related Items by means of any other arrangement approved by the Company. If the obligation for Tax-Related Items is satisfied by withholding of Shares, for tax purposes, you are deemed to have been issued the full number of Shares subject to the vested Restricted Stock Units, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items due as a result of any aspect of your participation in the Plan. To avoid financial accounting charges under applicable accounting guidance, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory rates or may take any other action required to avoid financial accounting charges under applicable accounting guidance.

(c) Finally, you will pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of your participation in the Plan or your acquisition of Shares that cannot be satisfied by the means previously described. The Company shall not be required to issue or deliver Shares pursuant to this Agreement unless and until such obligations are satisfied.

**7. Tax and Legal Advice.** You represent, warrant and acknowledge that neither the Company nor your Employer have made any warranties or representations to you with respect to any Tax-Related Items, legal or financial consequences of the transactions contemplated by this Agreement, and you are in no manner relying on the Company, your Employer’s or the Company’s or the Employer’s representatives for an assessment of such consequences. YOU UNDERSTAND THAT THE LAWS GOVERNING THIS AWARD ARE SUBJECT TO CHANGE. YOU SHOULD CONSULT YOUR OWN PROFESSIONAL TAX, LEGAL AND FINANCIAL ADVISOR REGARDING ANY RESTRICTED STOCK UNITS. YOU UNDERSTAND THAT THE COMPANY AND YOUR EMPLOYER ARE NOT PROVIDING ANY TAX, LEGAL, OR FINANCIAL ADVICE, NOR IS THE COMPANY OR YOUR EMPLOYER MAKING ANY RECOMMENDATION

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REGARDING YOUR ACCEPTANCE OF THIS AWARD. NOTHING STATED HEREIN IS INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, FOR THE PURPOSE OF AVOIDING TAXPAYER OR OTHER PENALTIES.

8. **Non-Transferability of Restricted Stock Units.** Restricted Stock Units shall not be anticipated, assigned, attached, garnished, optioned, transferred or made subject to any creditor's process, whether voluntarily or involuntarily or by operation of law.

9. **Restriction on Transfer.** Regardless of whether the transfer or issuance of the Shares to be issued pursuant to the Restricted Stock Units has been registered under the Securities Act or has been registered or qualified under the securities laws of any state, the Company may impose additional restrictions upon the sale, pledge, or other transfer of the Shares (including the placement of appropriate legends on stock certificates and the issuance of stop-transfer instructions to the Company's transfer agent) if, in the judgment of the Company and the Company's counsel, such restrictions are necessary in order to achieve compliance with the provisions of the Securities Act, the securities laws of any state, or any other law including all applicable foreign laws.

10. **Restrictive Legends and Stop-Transfer Instructions.** Stock certificates evidencing the Shares issued pursuant to the Restricted Stock Units may bear such restrictive legends and/or appropriate stop-transfer instructions may be issued to the Company's transfer agent as the Company and the Company's counsel deem necessary under applicable law or pursuant to this Agreement.

11. **Representations, Warranties, Covenants, and Acknowledgments.** You hereby agree that in the event the Company and the Company's counsel deem it necessary or advisable in the exercise of their discretion, the transfer or issuance of the Shares issued pursuant to the Restricted Stock Units may be conditioned upon you making certain representations, warranties, and acknowledgments relating to compliance with applicable laws.

12. **Voting and Other Rights.** Subject to the terms of this Agreement, you shall not have any voting rights or any other rights and privileges of a stockholder of the Company unless and until the Restricted Stock Units are settled in Shares. In addition, you shall not have any rights to dividend equivalent payments with respect to Restricted Stock Units.

13. **Authorization to Release and Transfer Necessary Personal Information.**

(a) *You hereby explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of your personal information as described in this Agreement by and among, as applicable, the Employer, and the Company and its Parent, Subsidiaries and Affiliates for the exclusive purpose of implementing, administering and managing your participation in the Plan.*

(b) *You understand that the Company and the Employer may hold certain personal information about you, including, but not limited to, your name, home address and telephone number, date of birth, social insurance number (or any other social or national identification number), salary, nationality, job title, residency status, any Shares or directorships held in the Company, details of all Restricted Stock Units or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding (the "Data") for the purpose of implementing, administering and managing your participation in the Plan. You understand that Data may be transferred to the Company or any of its Parent, Subsidiaries or Affiliates, or to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in your country or elsewhere, including outside the European Economic Area, and that the recipient's country (e.g., the United States) may have different data privacy laws and protections than your country. You understand that you may request a list with the names and addresses of any potential recipients of the Data by contacting your local human resources representative. You authorize the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purposes of implementing, administering and managing your participation in the Plan, including any requisite transfer of such Data to a broker or other third party assisting with the administration of these Restricted Stock Units under the Plan or with whom Shares acquired pursuant to these Restricted Stock Units or cash from the sale of such Shares may be deposited. Furthermore, you acknowledge and understand that the transfer of the Data to the Company or any of its Parent, Subsidiaries or Affiliates, or to any third parties is necessary for your participation in the Plan.*

(c) *You understand that Data will be held only as long as is necessary to implement, administer and manage your participation in the Plan. You understand that you may, at any time, view the Data, request additional information about the storage and processing of the Data, require any necessary amendments to the Data or refuse or withdraw the consents herein by contacting your local human resources representative in writing. You further acknowledge that withdrawal of consent may affect your ability to vest in or realize benefits from these Restricted Stock Units, and your ability to participate in the Plan. For more information on the consequences of your refusal to consent or withdrawal of consent, you understand that you may contact your local human resources representative.*

14. **No Entitlement or Claims for Compensation.**

(a) Your rights, if any, in respect of or in connection with these Restricted Stock Units or any other Award are derived solely from the discretionary decision of the Company to permit you to participate in the Plan and to benefit from a discretionary Award. The Plan may be amended, suspended or terminated by the Company at any time, unless otherwise provided in the Plan and this Agreement. By accepting these Restricted Stock Units, you expressly acknowledge that there is no obligation on the part of the Company to continue the Plan and/or grant any additional Restricted Stock Units to you or benefits in lieu of Restricted Stock Units, even if Restricted Stock Units have been granted

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repeatedly in the past. All decisions with respect to future grants of Restricted Stock Units, if any, will be at the sole discretion of the Committee.

(b) The Restricted Stock Units and the Shares subject to the Restricted Stock Units are not intended to replace any pension rights or compensation and are not to be considered compensation of a continuing or recurring nature, or part of your normal or expected compensation, and in no way represent any portion of your salary, compensation or other remuneration for any purpose, including but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments, and in no event should be considered as compensation for, or relating in any way to, past services for the Company, the Employer or any Parent, Subsidiary or Affiliate. The value of the Restricted Stock Units is an extraordinary item that does not constitute compensation of any kind for services of any kind rendered to the Company, the Employer or any Parent, Subsidiary or Affiliate and which is outside the scope of your written employment agreement (if any).

(c) You acknowledge that you are voluntarily participating in the Plan.

(d) Neither the Plan nor these Restricted Stock Units or any other Award granted under the Plan shall be deemed to give you a right to remain an Employee, Consultant or director of the Company, a Parent, Subsidiary or an Affiliate. The Employer reserves the right to terminate your Service at any time, with or without cause, and for any reason, subject to applicable laws, the Company's Articles of Incorporation and Bylaws, and a written employment agreement (if any).

(e) The grant of the Restricted Stock Units and your participation in the Plan will not be interpreted to form an employment contract or relationship with the Company, the Employer or any Parent, Subsidiary or Affiliate.

(f) The future value of the underlying Shares is unknown and cannot be predicted with certainty and if you vest in the Restricted Stock Units and are issued Shares, the value of those Shares may increase or decrease. You also understand that neither the Company, nor the Employer or any Parent, Subsidiary or Affiliate is responsible for any foreign exchange fluctuation between your Employer's local currency and the United States Dollar that may affect the value of this Award.

(g) In consideration of the grant of the Restricted Stock Units, no claim or entitlement to compensation or damages shall arise from forfeiture of the Restricted Stock Units resulting from termination of your Service by the Company or the Employer (for any reason whatsoever and whether or not in breach of local labor laws) and you irrevocably release the Company and the Employer from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, you shall be deemed irrevocably to have waived your entitlement to pursue such claim.

(h) You agree that the Company may require Shares received pursuant to the Restricted Stock Units to be held by a broker designated by the Company.

(i) You agree that your rights hereunder (if any) shall be subject to set-off by the Company for any valid debts you owe the Company.

(j) The Restricted Stock Units and the benefits under the Plan, if any, will not automatically transfer to another company in the case of a merger, take-over or transfer of liability.

15. **Governing Law and Forum.** This Agreement shall be governed by and construed in accordance with the laws of the State of California without regard to the conflict of laws principles thereof. For purposes of litigating any dispute that may arise directly or indirectly from this Agreement, the parties hereby submit and consent to litigation in the exclusive jurisdiction of the State of California and agree that any such litigation shall be conducted only in the courts of California or the federal courts for the United States for the Northern District of California and no other courts.

16. **Notices.** Any notice required or permitted under the terms of this Agreement shall be in writing and shall be deemed sufficient when delivered personally or sent by confirmed email, telegram, or fax or forty-eight (48) hours after being deposited in the mail, as certified or registered mail, with postage prepaid, and addressed to the Company at the Company's principal corporate offices or to you at the address maintained for you in the Company's records or, in either case, as subsequently modified by written notice to the other party.

17. **Binding Effect.** Subject to the limitations set forth in this Agreement, this Agreement shall be binding upon, and inure to the benefit of, the executors, administrators, heirs, legal representatives, successors, and assigns of the parties hereto.

18. **Severability.** If any provision of this Agreement is held to be unenforceable for any reason, it shall be adjusted rather than voided, if possible, in order to achieve the intent of the parties to the extent possible. In any event, all other provisions of this Agreement shall be deemed valid and enforceable to the full extent possible.

19. **Electronic Delivery.** The Company may, in its sole discretion, decide to deliver any documents related to your current or future participation in the Plan by electronic means or to request your consent to participate in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

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20. **Language.** If this Agreement or any other document related to the Plan is translated into a language other than English and the meaning of the translated version is different from the English version, the English version will take precedence.

21. **Appendix.** Notwithstanding any provisions in this Agreement, the Restricted Stock Units shall be subject to any special terms and conditions set forth in any Appendix to this Agreement for your country of residence. Moreover, if you relocate to one of the countries included in the Appendix, the special terms and conditions for such country will apply to you, to the extent the Company determines that the application of such terms and conditions is necessary or advisable in order to comply with local law or facilitate the administration of the Plan. The Appendix constitutes part of this Agreement.

22. **Imposition of Other Requirements.** The Company reserves the right to impose other requirements on your participation in the Plan, on the Restricted Stock Units and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable in order to comply with local law or facilitate the administration of the Plan. You agree to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing. Furthermore, you acknowledge that the laws of the country in which you are working at the time of grant, vesting and settlement of the Restricted Stock Units or the sale of Shares received pursuant to this Agreement (including any rules or regulations governing securities, foreign exchange, tax, labor, or other matters) may subject you to additional procedural or regulatory requirements that you are and will be solely responsible for and must fulfill.

23. **Acceptance of Agreement.** You must expressly accept the terms and conditions of your Restricted Stock Units as set forth in this Agreement by electronically accepting this Agreement within 300 days after the Company sends this Agreement to you. If you do not accept your Restricted Stock Units in the manner instructed by the Company, your Restricted Stock Units will be subject to cancellation.

\* \* \* \*

You acknowledge that by clicking on the ***I agree*** button below, you agree to be bound by the terms of this Agreement.

**PLEASE PRINT AND KEEP A COPY FOR YOUR RECORDS**

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**CISCO SYSTEMS, INC.**  
**STOCK UNIT AGREEMENT**

This Stock Unit Agreement (the "Agreement") is made and entered into as of the Grant Date (as defined below) by and between Cisco Systems, Inc., a California corporation (the "Company"), and you pursuant to the Cisco Systems, Inc. 2005 Stock Incentive Plan (the "Plan"). The material terms of this Stock Unit Award are as follows:

Employee ID: \_\_\_\_\_

Grant Date: \_\_\_\_\_

Grant Number: \_\_\_\_\_

Restricted Stock Units: \_\_\_\_\_

First Vest Date: \_\_\_\_\_

To the extent any capitalized terms used in this Agreement are not defined, they shall have the meaning ascribed to them in the Plan. In the event of a conflict between the terms and provisions of the Plan and the terms and provisions of this Agreement, the Plan terms and provisions shall prevail.

In consideration of the mutual agreements herein contained and intending to be legally bound hereby, the parties agree as follows:

1. **Restricted Stock Units.** Pursuant to the Plan, the Company hereby grants to you, and you hereby accept from the Company, Restricted Stock Units, each of which is a bookkeeping entry representing the equivalent in value of one (1) Share, on the terms and conditions set forth herein and in the Plan.

2. **Vesting of Restricted Stock Units.** So long as your Service continues, the Restricted Stock Units shall vest in accordance with the following schedule: \_\_\_\_\_ (\_\_\_ %) of the total number of Restricted Stock Units granted pursuant to this Agreement shall vest on the First Vest Date and on each \_\_\_ anniversary thereafter, unless otherwise provided by the Plan or Section 4 below. If you take a leave of absence, the Company may, at its discretion, suspend vesting during the period of leave to the extent permitted under applicable local law. Prior to the time that the Restricted Stock Units are settled, you shall have no rights other than those of a general creditor of the Company. The Restricted Stock Units represent an unfunded and unsecured obligation of the Company.

3. **Termination of Service.** In the event of the termination of your Service for any reason (whether or not in breach of local labor laws), all unvested Restricted Stock Units shall be immediately forfeited without consideration. For purposes of the preceding sentence, your right to vest in the Restricted Stock Units will terminate effective as of the date that you are no longer actively providing Service and will not be extended by any notice period mandated under local law (e.g., active Service would not include a period of "garden leave" or similar period pursuant to local law); the Company shall have the exclusive discretion to determine when you are no longer actively providing Service for purposes of the Restricted Stock Units.

4. **Special Acceleration.**

(a) To the extent the Restricted Stock Units are outstanding at the time of a Corporate Transaction, such Restricted Stock Units shall automatically become vested in full immediately prior to the effective date of the Corporate Transaction. No such accelerated vesting, however, shall occur if and to the extent: (i) these Restricted Stock Units are, in connection with the Corporate Transaction, either assumed by the successor corporation (or parent thereof) or replaced with comparable restricted stock units of the successor corporation (or parent thereof) or (ii) these Restricted Stock Units are replaced with a cash incentive program of the successor corporation which complies with Code Section 409A and preserves the fair market value of the Restricted Stock Units at the time of the Corporate Transaction and provides for subsequent pay-out in accordance with the settlement provisions set forth in Section 5 below. The determination of the comparability of restricted stock units under clause (i) shall be made by the Committee, and such determination shall be final, binding and conclusive.

(b) Immediately following the effective date of the Corporate Transaction, this Agreement shall terminate and cease to be outstanding, except as set forth in Section 5 below with respect to the deferred settlement of Restricted Stock Units or to the extent assumed by the successor corporation (or parent thereof) in connection with the Corporate Transaction.

(c) If this Agreement is assumed in connection with a Corporate Transaction, then the Committee shall appropriately adjust the number of units and the kind of shares or securities to be issued pursuant to this Agreement immediately after such Corporate Transaction.

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(d) To the extent the Restricted Stock Units are outstanding at the time of a Change in Control, such Restricted Stock Units shall automatically accelerate immediately prior to the effective date of the Change in Control and shall become vested in full at that time and settled in accordance with Section 5 below.

(e) This Agreement shall not in any way affect the right of the Company to adjust, reclassify, reorganize or otherwise change its capital or business structure or to merge, consolidate, dissolve, liquidate, sell or transfer all or any part of its business or assets.

**5. Settlement of Restricted Stock Units.** To the extent you are eligible but have not elected to defer settlement of the Restricted Stock Units, the Restricted Stock Units shall be automatically settled in Shares upon vesting of such Restricted Stock Units, provided that the Company shall have no obligation to issue Shares pursuant to this Agreement unless and until you have satisfied any applicable tax and/or other obligations pursuant to Section 6 below and such issuance otherwise complies with all applicable law. To the extent you are eligible but have elected to defer settlement of the Restricted Stock Units, the vested portion of the Restricted Stock Units shall be settled in Shares upon the earlier of: (a) your separation from service within the meaning of Code Section 409A (“Separation from Service”) and (b) the fixed payment date elected by you, if any, at the time of such deferral (which shall be the first business day of a year no earlier than five years after the year of the Grant Date in accordance with procedures approved by the Committee), provided that the Company shall have no obligation to issue Shares pursuant to this Agreement unless such issuance complies with all applicable law. Notwithstanding the foregoing, to the extent your Restricted Stock Units would otherwise be settled upon your Separation from Service, such settlement shall instead occur upon the Company’s first business day following the six-month anniversary of your Separation from Service.

#### **6. Taxes.**

(a) Regardless of any action the Company or your employer (the “Employer”) takes with respect to any and all income tax, social taxes or insurance contributions, payroll tax, payment on account or other tax-related items related to your participation in the Plan and legally applicable to you (“Tax-Related Items”), you acknowledge that the ultimate liability for all Tax-Related Items with respect to the Restricted Stock Units is and remains your responsibility and may exceed the amount actually withheld by the Company or the Employer. You further acknowledge that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Restricted Stock Units, including the grant, vesting or settlement of the Restricted Stock Units, or the subsequent sale of any Shares acquired at vesting or the receipt of any dividends with respect to such Shares; and (ii) do not commit to and are under no obligation to structure the terms or any aspect of the Restricted Stock Units to reduce or eliminate your liability for Tax-Related Items or achieve any particular tax result. Further, if you become subject to taxation in more than one jurisdiction between the Grant Date and the date of any relevant taxable event, you acknowledge that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

(b) Prior to any relevant tax, withholding or required deduction event, as applicable, you agree to make arrangements satisfactory to the Company for the satisfaction of any applicable tax, withholding, required deduction and payment on account obligations of the Company and/or the Employer that arise in connection with the Restricted Stock Units. In this regard, you authorize the Company and/or the Employer, or their respective agents, at their discretion, to satisfy any obligations related to Tax-Related Items by one or a combination of the following: (1) withholding from your wages or other cash compensation payable to you by the Company or the Employer; (2) withholding from proceeds of the sale of Shares acquired upon settlement of the Restricted Stock Units either through a voluntary sale or through a mandatory sale arranged by the Company (on your behalf pursuant to this authorization); (3) withholding of Shares that would otherwise be issued upon settlement of the Restricted Stock Units; or (4) requiring you to satisfy the liability for Tax-Related Items by means of any other arrangement approved by the Company. If the obligation for Tax-Related Items is satisfied by withholding of Shares, for tax purposes, you are deemed to have been issued the full number of Shares subject to the vested Restricted Stock Units, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items due as a result of any aspect of your participation in the Plan. To avoid financial accounting charges under applicable accounting guidance, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory rates or may take any other action required to avoid financial accounting charges under applicable accounting guidance.

(c) Finally, you will pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of your participation in the Plan or your acquisition of Shares that cannot be satisfied by the means previously described. The Company shall not be required to issue or deliver Shares pursuant to this Agreement unless and until such obligations are satisfied.

**7. Tax and Legal Advice.** You represent, warrant and acknowledge that neither the Company nor your Employer have made any warranties or representations to you with respect to any Tax-Related Items, legal or financial consequences of the transactions contemplated by this Agreement, and you are in no manner relying on the Company, your Employer’s or the Company’s or the Employer’s representatives for an assessment of such consequences. YOU UNDERSTAND THAT THE LAWS GOVERNING THIS AWARD ARE SUBJECT TO CHANGE. YOU SHOULD CONSULT YOUR OWN PROFESSIONAL TAX, LEGAL AND FINANCIAL ADVISOR REGARDING ANY RESTRICTED STOCK UNITS. YOU UNDERSTAND THAT THE COMPANY AND YOUR EMPLOYER ARE NOT PROVIDING ANY TAX, LEGAL, OR FINANCIAL ADVICE, NOR IS THE COMPANY OR YOUR EMPLOYER MAKING ANY RECOMMENDATION REGARDING YOUR ACCEPTANCE OF THIS AWARD. NOTHING STATED HEREIN IS INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, FOR THE PURPOSE OF AVOIDING TAXPAYER OR OTHER PENALTIES.

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8. **Non-Transferability of Restricted Stock Units.** Restricted Stock Units shall not be anticipated, assigned, attached, garnished, optioned, transferred or made subject to any creditor's process, whether voluntarily or involuntarily or by operation of law.

9. **Restriction on Transfer.** Regardless of whether the transfer or issuance of the Shares to be issued pursuant to the Restricted Stock Units has been registered under the Securities Act or has been registered or qualified under the securities laws of any state, the Company may impose additional restrictions upon the sale, pledge, or other transfer of the Shares (including the placement of appropriate legends on stock certificates and the issuance of stop-transfer instructions to the Company's transfer agent) if, in the judgment of the Company and the Company's counsel, such restrictions are necessary in order to achieve compliance with the provisions of the Securities Act, the securities laws of any state, or any other law including all applicable foreign laws.

10. **Restrictive Legends and Stop-Transfer Instructions.** Stock certificates evidencing the Shares issued pursuant to the Restricted Stock Units may bear such restrictive legends and/or appropriate stop-transfer instructions may be issued to the Company's transfer agent as the Company and the Company's counsel deem necessary under applicable law or pursuant to this Agreement.

11. **Representations, Warranties, Covenants, and Acknowledgments.** You hereby agree that in the event the Company and the Company's counsel deem it necessary or advisable in the exercise of their discretion, the transfer or issuance of the Shares issued pursuant to the Restricted Stock Units may be conditioned upon you making certain representations, warranties, and acknowledgments relating to compliance with applicable laws.

12. **Voting and Other Rights.** Subject to the terms of this Agreement, you shall not have any voting rights or any other rights and privileges of a stockholder of the Company unless and until the Restricted Stock Units are settled in Shares. In addition, you shall not have any rights to dividend equivalent payments with respect to Restricted Stock Units.

13. **Authorization to Release and Transfer Necessary Personal Information.**

(a) *You hereby explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of your personal information as described in this Agreement by and among, as applicable, the Employer, and the Company and its Parent, Subsidiaries and Affiliates for the exclusive purpose of implementing, administering and managing your participation in the Plan.*

(b) *You understand that the Company and the Employer may hold certain personal information about you, including, but not limited to, your name, home address and telephone number, date of birth, social insurance number (or any other social or national identification number), salary, nationality, job title, residency status, any Shares or directorships held in the Company, details of all Restricted Stock Units or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding (the "Data") for the purpose of implementing, administering and managing your participation in the Plan. You understand that Data may be transferred to the Company or any of its Parent, Subsidiaries or Affiliates, or to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in your country or elsewhere, including outside the European Economic Area, and that the recipient's country (e.g., the United States) may have different data privacy laws and protections than your country. You understand that you may request a list with the names and addresses of any potential recipients of the Data by contacting your local human resources representative. You authorize the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purposes of implementing, administering and managing your participation in the Plan, including any requisite transfer of such Data to a broker or other third party assisting with the administration of these Restricted Stock Units under the Plan or with whom Shares acquired pursuant to these Restricted Stock Units or cash from the sale of such Shares may be deposited. Furthermore, you acknowledge and understand that the transfer of the Data to the Company or any of its Parent, Subsidiaries or Affiliates, or to any third parties is necessary for your participation in the Plan.*

(c) *You understand that Data will be held only as long as is necessary to implement, administer and manage your participation in the Plan. You understand that you may, at any time, view the Data, request additional information about the storage and processing of the Data, require any necessary amendments to the Data or refuse or withdraw the consents herein by contacting your local human resources representative in writing. You further acknowledge that withdrawal of consent may affect your ability to vest in or realize benefits from these Restricted Stock Units, and your ability to participate in the Plan. For more information on the consequences of your refusal to consent or withdrawal of consent, you understand that you may contact your local human resources representative.*

14. **No Entitlement or Claims for Compensation.**

(a) Your rights, if any, in respect of or in connection with these Restricted Stock Units or any other Award are derived solely from the discretionary decision of the Company to permit you to participate in the Plan and to benefit from a discretionary Award. The Plan may be amended, suspended or terminated by the Company at any time, unless otherwise provided in the Plan and this Agreement. By accepting these Restricted Stock Units, you expressly acknowledge that there is no obligation on the part of the Company to continue the Plan and/or grant any additional Restricted Stock Units to you or benefits in lieu of Restricted Stock Units, even if Restricted Stock Units have been granted repeatedly in the past. All decisions with respect to future grants of Restricted Stock Units, if any, will be at the sole discretion of the Committee.

(b) The Restricted Stock Units and the Shares subject to the Restricted Stock Units are not intended to replace any pension rights or compensation and are not to be considered compensation of a continuing or recurring nature, or part of your normal or expected compensation, and in no way represent any portion of your salary, compensation or other remuneration for any purpose, including but not limited to,

calculating any severance, resignation, termination, redundancy, dismissal, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments, and in no event should be considered as compensation for, or relating in any way to, past services for the Company, the Employer or any Parent, Subsidiary or Affiliate. The value of the Restricted Stock Units is an extraordinary item that does not constitute compensation of any kind for services of any kind rendered to the Company, the Employer or any Parent, Subsidiary or Affiliate and which is outside the scope of your written employment agreement (if any).

(c) You acknowledge that you are voluntarily participating in the Plan.

(d) Neither the Plan nor these Restricted Stock Units or any other Award granted under the Plan shall be deemed to give you a right to remain an Employee, Consultant or director of the Company, a Parent, Subsidiary or an Affiliate. The Employer reserves the right to terminate your Service at any time, with or without cause, and for any reason, subject to applicable laws, the Company's Articles of Incorporation and Bylaws, and a written employment agreement (if any).

(e) The grant of the Restricted Stock Units and your participation in the Plan will not be interpreted to form an employment contract or relationship with the Company, the Employer or any Parent, Subsidiary or Affiliate.

(f) The future value of the underlying Shares is unknown and cannot be predicted with certainty and if you vest in the Restricted Stock Units and are issued Shares, the value of those Shares may increase or decrease. You also understand that neither the Company, nor the Employer or any Parent, Subsidiary or Affiliate is responsible for any foreign exchange fluctuation between your Employer's local currency and the United States Dollar that may affect the value of this Award.

(g) In consideration of the grant of the Restricted Stock Units, no claim or entitlement to compensation or damages shall arise from forfeiture of the Restricted Stock Units resulting from termination of your Service by the Company or the Employer (for any reason whatsoever and whether or not in breach of local labor laws) and you irrevocably release the Company and the Employer from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, you shall be deemed irrevocably to have waived your entitlement to pursue such claim.

(h) You agree that the Company may require Shares received pursuant to the Restricted Stock Units to be held by a broker designated by the Company.

(i) You agree that your rights hereunder (if any) shall be subject to set-off by the Company for any valid debts you owe the Company.

(j) The Restricted Stock Units and the benefits under the Plan, if any, will not automatically transfer to another company in the case of a merger, take-over or transfer of liability.

15. **Governing Law and Forum.** This Agreement shall be governed by and construed in accordance with the laws of the State of California without regard to the conflict of laws principles thereof. For purposes of litigating any dispute that may arise directly or indirectly from this Agreement, the parties hereby submit and consent to litigation in the exclusive jurisdiction of the State of California and agree that any such litigation shall be conducted only in the courts of California or the federal courts for the United States for the Northern District of California and no other courts.

16. **Notices.** Any notice required or permitted under the terms of this Agreement shall be in writing and shall be deemed sufficient when delivered personally or sent by confirmed email, telegram, or fax or forty-eight (48) hours after being deposited in the mail, as certified or registered mail, with postage prepaid, and addressed to the Company at the Company's principal corporate offices or to you at the address maintained for you in the Company's records or, in either case, as subsequently modified by written notice to the other party.

17. **Binding Effect.** Subject to the limitations set forth in this Agreement, this Agreement shall be binding upon, and inure to the benefit of, the executors, administrators, heirs, legal representatives, successors, and assigns of the parties hereto.

18. **Severability.** If any provision of this Agreement is held to be unenforceable for any reason, it shall be adjusted rather than voided, if possible, in order to achieve the intent of the parties to the extent possible. In any event, all other provisions of this Agreement shall be deemed valid and enforceable to the full extent possible.

19. **Electronic Delivery.** The Company may, in its sole discretion, decide to deliver any documents related to your current or future participation in the Plan by electronic means or to request your consent to participate in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

20. **Language.** If this Agreement or any other document related to the Plan is translated into a language other than English and the meaning of the translated version is different from the English version, the English version will take precedence.

21. **Appendix.** Notwithstanding any provisions in this Agreement, the Restricted Stock Units shall be subject to any special terms and conditions set forth in any Appendix to this Agreement for your country of residence. Moreover, if you relocate to one of the countries included

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in the Appendix, the special terms and conditions for such country will apply to you, to the extent the Company determines that the application of such terms and conditions is necessary or advisable in order to comply with local law or facilitate the administration of the Plan. The Appendix constitutes part of this Agreement.

22. **Imposition of Other Requirements.** The Company reserves the right to impose other requirements on your participation in the Plan, on the Restricted Stock Units and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable in order to comply with local law or facilitate the administration of the Plan. You agree to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing. Furthermore, you acknowledge that the laws of the country in which you are working at the time of grant, vesting and settlement of the Restricted Stock Units or the sale of Shares received pursuant to this Agreement (including any rules or regulations governing securities, foreign exchange, tax, labor, or other matters) may subject you to additional procedural or regulatory requirements that you are and will be solely responsible for and must fulfill.

23. **Acceptance of Agreement.** You must expressly accept the terms and conditions of your Restricted Stock Units as set forth in this Agreement by electronically accepting this Agreement within 300 days after the Company sends this Agreement to you. If you do not accept your Restricted Stock Units in the manner instructed by the Company, your Restricted Stock Units will be subject to cancellation.

\* \* \* \*

You acknowledge that by clicking on the *I agree* button below, you agree to be bound by the terms of this Agreement.

**PLEASE PRINT AND KEEP A COPY FOR YOUR RECORDS**

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[Date]

[Name]  
[Address]  
[Address]

Dear \_\_\_\_\_ :

[introductory text]

Your leadership team has recommended that you receive a performance-based restricted stock unit (PRSU) right with a target of [ \_\_\_\_\_ ]. RSUs will be granted after the end of FY[ \_\_ ] based upon the satisfaction of an FY[ \_\_ ] performance condition.

The right to receive a grant of a restricted stock unit depends on Cisco's satisfaction of certain [ \_\_\_\_\_ ] targets for FY[ \_\_ ]. Assuming those targets are met or exceeded, the restricted stock units that you are granted will vest [ \_\_\_\_\_ ] percent on the date of grant and [ \_\_\_\_\_ ] percent on each of the next [ \_\_\_\_\_ ] anniversaries of the date of grant thereafter, subject to your continued employment with Cisco or an affiliate on the applicable vesting date. On each vesting date, the vested units will be settled in Cisco common stock. In addition, in the unlikely event that a corporate transaction or change in control (each as defined in Cisco's 2005 Stock Incentive Plan) is consummated during FY[ \_\_ ] or prior to the Compensation and Management Development Committee's Certification regarding satisfaction of the FY[ \_\_ ] performance conditions, the performance-based restricted stock unit right will be deemed fully earned at target (100%) immediately prior to the effective date of the corporate transaction or the change in control, as the case may be, and will be settled in fully vested Cisco common stock at that time.

Lastly, please note that, if you are employed outside the United States, the Compensation and Management Development Committee can grant the PRSU Right to you, in its sole discretion, only if and as long as it is permitted and feasible to grant restricted stock units under the laws of the country in which you are employed. If local laws make the grant of restricted stock units illegal or impractical, Cisco will let you know as soon as possible. You are under no obligation to accept the PRSU Right or any restricted stock units that may subsequently be granted to you.

[concluding text]

Sincerely,

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**ACTION REQUIRED : MUST BE RETURNED BY [INSERT APPROPRIATE DATE]**

**Deferral Election for  
Annual Equity Award  
2005 Stock Incentive Plan**

Name (Last, First, Middle Initial) \_\_\_\_\_

Employee Number \_\_\_\_\_

You may use this form to:

- Indicate the percentage of your annual restricted stock unit grant under the 2005 Stock Incentive Plan that you wish to defer. Your elected percentage will apply to each vesting installment of such grant.
- Designate the settlement timing of the deferred portion of your vested annual restricted stock unit grant.

**PLEASE REMEMBER THAT ONCE YOU MAKE AN ELECTION TO DEFER A RESTRICTED STOCK UNIT GRANT, YOU CANNOT REVOKE THAT ELECTION.**

**DEFERRAL ELECTION**

Please select if you wish to defer restricted stock units; fill in the appropriate blanks.

☒

**Restricted Stock  
Unit Grant**

I elect to defer \_\_\_\_\_ % (you may only insert 25%, 50%, 75%, or 100%) of my annual restricted stock unit award anticipated to be granted under the 2005 Stock Incentive Plan (the "Plan") on \_\_\_\_\_, 201\_\_ (subject to my continued employment with the Company or the Employer). I understand that this elected percentage will apply to each vesting installment of this grant.

**SETTLEMENT DATE \***

Please complete this section to indicate settlement timing for the deferred portion of your vested annual restricted stock unit grant. You may only choose one alternative.

☒

**Separation of Service**

I elect to defer the settlement of the deferred portion of my vested annual restricted stock unit grant to my Separation from Service (as defined in Section 409A of the Internal Revenue Code).

**OR**

☒

**Date Specific (subject  
to earlier settlement  
upon separation from service)**

I elect to defer the settlement of the deferred portion of my vested annual restricted stock unit grant to the earlier of (i) my Separation from Service; or (ii) the first business day of 20\_\_\_\_ (insert a year no earlier than [ ] and no later than [ ]).

\* Any vested portion of the deferred portion of my restricted stock unit grant will be settled in shares of the Company's common stock.

**ACTION REQUIRED : MUST BE RETURNED BY [INSERT APPROPRIATE DATE]**

**Deferral Election for  
Annual Equity Award  
2005 Stock Incentive Plan**

I understand:

- To the extent I do not elect to defer the settlement of my restricted stock unit grant, such portion of the restricted stock unit grant will be automatically settled in shares of the Company's common stock upon the vesting of the restricted stock unit grant (subject to acceleration in certain cases), as more fully set forth in the Stock Unit Agreement.
- Any vested portion of the deferred restricted stock unit grant will be settled in shares of the Company's common stock as elected by me above.
- If my Separation from Service occurs before my restricted stock unit grant vests, any unvested restricted stock units will be forfeited as of the date my Separation from Service occurs.
- "Separation from Service" is defined in Treasury Regulation Section 1.409A-1(h). While separation from service generally means termination of employment, a Separation from Service can also occur in the case of certain leaves of absence or upon a significant reduction in my work schedule. These events can trigger a "Separation from Service" resulting in the forfeiture of my unvested restricted stock units.
- Certain leaves of absence can result in the suspension of vesting of my unvested restricted stock units. If I take a leave of absence that suspends the vesting of my restricted stock units such that they are unvested as of the applicable distribution event (whether that is Separation from Service or a date specific I elected), my restricted stock units that are unvested at the time of such distribution event shall be forfeited.
- Any employment taxes that are due upon the vesting of my restricted stock unit grant (including the deferred portion of my grant) shall be deducted at the time of vesting by one or a combination of the following:
  - (1) withholding from my wages or other cash compensation payable to me by the Company or the Employer;
  - (2) withholding from proceeds of the sale of shares acquired upon settlement of the restricted stock units either through a voluntary sale or through a mandatory sale arranged by the Company (on my behalf pursuant to this authorization);
  - (3) withholding of shares that would otherwise be issued upon settlement of the restricted stock units; or
  - (4) requiring me to satisfy the liability for any employment taxes by means of any other arrangement approved by the Company.
- The receipt of shares of the Company's common stock pursuant to any restricted stock unit grant will be taxed as ordinary income to me based on the value of the shares on the date the stock unit grant is settled and I receive shares of the Company's common stock. This is true whether or not I elect to defer settlement of my restricted stock units.
- The settlement of the deferred portion of my annual restricted stock unit grant upon my Separation from Service will be delayed for six months.

**ACKNOWLEDGED AND AGREED:**

Signature of Participant

Date

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**CISCO SYSTEMS, INC.  
STOCK UNIT AGREEMENT**

This Stock Unit Agreement (the "Agreement") is made and entered into as of the Grant Date (as defined below) by and between Cisco Systems, Inc., a \_\_\_\_\_ corporation (the "Company"), and you pursuant to the Cisco Systems, Inc. 2005 Stock Incentive Plan (the "Plan"). The material terms of this Stock Unit Award are as follows:

Grantee: \_\_\_\_\_

Grant Date: \_\_\_\_\_

Grant Number: \_\_\_\_\_

Stock Units: \_\_\_\_\_

To the extent any capitalized terms used in this Agreement are not defined, they shall have the meaning ascribed to them in the Plan. In the event of a conflict between the terms and provisions of the Plan and the terms and provisions of this Agreement, the Plan terms and provisions shall prevail.

In consideration of the mutual agreements herein contained and intending to be legally bound hereby, the parties agree as follows:

1. **Stock Units.** Pursuant to the Plan, the Company hereby grants to you, and you hereby accept from the Company, Stock Units, each of which is a bookkeeping entry representing the equivalent in value of one (1) Share, on the terms and conditions set forth herein and in the Plan.
  2. **Vesting of Stock Units.** One-hundred percent (100%) of the total number of Stock Units granted pursuant to this Agreement shall vest on the Grant Date.
  3. **Settlement of Stock Units.** Stock Units shall be automatically settled in Shares upon your separation from service within the meaning of Code Section 409A ("Separation from Service"), provided that the Company shall have no obligation to issue Shares pursuant to this Agreement unless and until such issuance complies with all applicable law; provided further, such settlement shall occur no later than 30 days after your Separation from Service. Prior to the time that the Stock Units are settled in Shares upon your Separation from Service, you shall have no rights other than those of a general creditor of the Company. The Stock Units represent an unfunded and unsecured obligation of the Company.
  4. **Tax Advice.** You represent, warrant and acknowledge that the Company has made no warranties or representations to you with respect to the income tax consequences of the transactions contemplated by this Agreement, and you are in no manner relying on the Company or the Company's representatives for an assessment of such tax consequences. YOU UNDERSTAND THAT THE TAX LAWS AND REGULATIONS ARE SUBJECT TO CHANGE. YOU SHOULD CONSULT YOUR OWN TAX ADVISOR REGARDING ANY STOCK UNITS. NOTHING STATED HEREIN IS INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, FOR THE PURPOSE OF AVOIDING TAXPAYER PENALTIES.
  5. **Non-Transferability of Stock Units.** Stock Units shall not be anticipated, assigned, attached, garnished, optioned, transferred or made subject to any creditor's process, whether voluntarily or involuntarily or by operation of law.
  6. **Restriction on Transfer.** Regardless of whether the transfer or issuance of the Shares to be issued pursuant to the Stock Units has been registered under the Securities Act or has been registered or qualified under the securities laws of any state, the Company may impose additional restrictions upon the sale, pledge, or other transfer of the Shares (including the placement of appropriate legends on stock certificates and the issuance of stop-transfer instructions to the Company's transfer agent) if, in the judgment of the Company and the Company's counsel, such restrictions are necessary in order to achieve compliance with the provisions of the Securities Act, the securities laws of any state, or any other law.
  7. **Stock Certificate Restrictive Legends.** Stock certificates evidencing the Shares issued pursuant to the Stock Units may bear such restrictive legends as the Company and the Company's counsel deem necessary under applicable law or pursuant to this Agreement.
  8. **Representations, Warranties, Covenants, and Acknowledgments.** You hereby agree that in the event the Company and the Company's counsel deem it necessary or advisable in the exercise of their discretion, the transfer or issuance of the Shares issued pursuant
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to the Stock Units may be conditioned upon you making certain representations, warranties, and acknowledgments relating to compliance with applicable securities laws.

9. **Voting, Dividend and Other Rights.** Subject to the terms of this Agreement and except as set forth below, you shall not have any voting rights or any other rights and privileges of a shareholder of the Company unless and until the Stock Units are settled upon your Separation from Service. Dividend equivalents shall accrue and will be subject to the same conditions and restrictions as the Stock Units to which they attach as set forth in the Plan or this Agreement and will be settled in additional Shares upon your Separation from Service.

10. **Authorization to Release Necessary Personal Information.**

(a) You hereby authorize and direct the Company to collect, use and transfer in electronic or other form, any personal information (the "Data") regarding your service, the nature and amount of your compensation and the facts and conditions of your participation in the Plan (including, but not limited to, your name, home address, telephone number, date of birth, social security number (or any other social or national identification number), compensation, nationality, job title, number of Shares held and the details of all Awards or any other entitlement to Shares awarded, cancelled, exercised, vested, unvested or outstanding) for the purpose of implementing, administering and managing your participation in the Plan. You understand that the Data may be transferred to the Company or any of its Subsidiaries, or to any third parties assisting in the implementation, administration and management of the Plan, including any requisite transfer to a broker or other third party assisting with the administration of these Stock Units under the Plan or with whom Shares acquired pursuant to these Stock Units or cash from the sale of such shares may be deposited. You acknowledge that recipients of the Data may be located in different countries, and those countries may have data privacy laws and protections different from those in the country of your residence. Furthermore, you acknowledge and understand that the transfer of the Data to the Company or any of its Subsidiaries, or to any third parties is necessary for your participation in the Plan.

(b) You may at any time withdraw the consents herein by contacting the Company's local human resources representative in writing. You further acknowledge that withdrawal of consent may affect your ability to exercise or realize benefits from these Stock Units and your ability to participate in the Plan.

11. **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of California without regard to the conflict of laws principles thereof.

12. **Notices.** Any notice required or permitted under the terms of this Agreement shall be in writing and shall be deemed sufficient when delivered personally or sent by confirmed email, telegram, or fax or forty-eight (48) hours after being deposited in the U.S. mail, as certified or registered mail, with postage prepaid, and addressed to the Company at the Company's principal corporate offices or to you at the address maintained for you in the Company's records or, in either case, as subsequently modified by written notice to the other party.

13. **Binding Effect.** Subject to the limitations set forth in this Agreement, this Agreement shall be binding upon, and inure to the benefit of, the executors, administrators, heirs, legal representatives, successors, and assigns of the parties hereto.

14. **Severability.** If any provision of this Agreement is held to be unenforceable for any reason, it shall be adjusted rather than voided, if possible, in order to achieve the intent of the parties to the extent possible. In any event, all other provisions of this Agreement shall be deemed valid and enforceable to the full extent possible.

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**Non-Employee Director Annual RSU Grant  
(For Grants Effective on and after the Date of the  
Company's 2015 Annual Meeting of Shareholders until One Day Prior to the Date of  
the 2016 Annual Meeting of Shareholders)**

**CISCO SYSTEMS, INC.  
STOCK UNIT AGREEMENT**

This Stock Unit Agreement (the "Agreement") is made and entered into as of the Grant Date (as defined below) by and between Cisco Systems, Inc., a California corporation (the "Company"), and you pursuant to the Cisco Systems, Inc. 2005 Stock Incentive Plan (the "Plan"). The material terms of this Stock Unit Award are as follows:

Grantee: \_\_\_\_\_

Grant Date: \_\_\_\_\_

Grant Number: \_\_\_\_\_

Restricted Stock Units: \_\_\_\_\_

Vest Date: The completion of one (1) year of Board service measured from the Grant Date.

To the extent any capitalized terms used in this Agreement are not defined, they shall have the meaning ascribed to them in the Plan. In the event of a conflict between the terms and provisions of the Plan and the terms and provisions of this Agreement, the Plan terms and provisions shall prevail.

In consideration of the mutual agreements herein contained and intending to be legally bound hereby, the parties agree as follows:

1. **Restricted Stock Units**. Pursuant to the Plan, the Company hereby grants to you, and you hereby accept from the Company, Restricted Stock Units, each of which is a bookkeeping entry representing the equivalent in value of one (1) Share, on the terms and conditions set forth herein and in the Plan.

2. **Vesting of Restricted Stock Units**. So long as your service on the Board continues, the Restricted Stock Units shall vest in accordance with the following schedule: one-hundred percent (100%) of the total number of Restricted Stock Units granted pursuant to this Agreement shall vest on the Vest Date, unless otherwise provided by the Plan or Section 4 below.

3. **Termination of Service**. Except as provided in Section 4 below, in the event of the termination of your Board service for any reason, all unvested Restricted Stock Units shall be immediately forfeited without consideration.

4. **Special Acceleration**.

(a) To the extent the Restricted Stock Units are outstanding at the time of a Corporate Transaction or a Change in Control, such Restricted Stock Units shall automatically accelerate immediately prior to the effective date of the Corporate Transaction or the Change in Control, as the case may be, and shall become vested in full at that time.

(b) If your service on the Board ceases as a result of your death or Disability, to the extent the Restricted Stock Units are outstanding, such Restricted Stock Units shall automatically accelerate and shall become vested in full at that time.

(c) This Agreement shall not in any way affect the right of the Company to adjust, reclassify, reorganize or otherwise change its capital or business structure or to merge, consolidate, dissolve, liquidate, sell or transfer all or any part of its business or assets.

5. **Settlement of Restricted Stock Units**. To the extent you have not elected to defer settlement of the Restricted Stock Units, the Restricted Stock Units shall be automatically settled in Shares upon vesting of such Restricted Stock Units, provided that the Company shall have no obligation to issue Shares pursuant to this Agreement unless such issuance complies with all applicable law. To the extent you have elected to defer settlement of the Restricted Stock Units, the vested portion of the Restricted Stock Units shall be settled in Shares upon your separation from service within the meaning of Code Section 409A ("Separation from Service"), provided that the Company shall have no obligation to issue Shares pursuant to this Agreement unless

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such issuance complies with all applicable law. Prior to the time that the Restricted Stock Units are settled, you shall have no rights other than those of a general creditor of the Company. The Restricted Stock Units represent an unfunded and unsecured obligation of the Company.

6. **Tax Advice.** You represent, warrant and acknowledge that the Company has made no warranties or representations to you with respect to the income tax consequences of the transactions contemplated by this Agreement, and you are in no manner relying on the Company or the Company's representatives for an assessment of such tax consequences. YOU UNDERSTAND THAT THE TAX LAWS AND REGULATIONS ARE SUBJECT TO CHANGE. YOU SHOULD CONSULT YOUR OWN TAX ADVISOR REGARDING ANY RESTRICTED STOCK UNITS. NOTHING STATED HEREIN IS INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, FOR THE PURPOSE OF AVOIDING TAXPAYER PENALTIES.

7. **Non-Transferability of Restricted Stock Units.** Restricted Stock Units shall not be anticipated, assigned, attached, garnished, optioned, transferred or made subject to any creditor's process, whether voluntarily or involuntarily or by operation of law.

8. **Restriction on Transfer.** Regardless of whether the transfer or issuance of the Shares to be issued pursuant to the Restricted Stock Units has been registered under the Securities Act or has been registered or qualified under the securities laws of any state, the Company may impose additional restrictions upon the sale, pledge, or other transfer of the Shares (including the placement of appropriate legends on stock certificates and the issuance of stop-transfer instructions to the Company's transfer agent) if, in the judgment of the Company and the Company's counsel, such restrictions are necessary in order to achieve compliance with the provisions of the Securities Act, the securities laws of any state, or any other law.

9. **Stock Certificate Restrictive Legends.** Stock certificates evidencing the Shares issued pursuant to the Restricted Stock Units may bear such restrictive legends as the Company and the Company's counsel deem necessary under applicable law or pursuant to this Agreement.

10. **Representations, Warranties, Covenants, and Acknowledgments.** You hereby agree that in the event the Company and the Company's counsel deem it necessary or advisable in the exercise of their discretion, the transfer or issuance of the Shares issued pursuant to the Restricted Stock Units may be conditioned upon you making certain representations, warranties, and acknowledgments relating to compliance with applicable securities laws.

11. **Voting, Dividend and Other Rights.** Subject to the terms of this Agreement and except as set forth below, you shall not have any voting rights or any other rights and privileges of a shareholder of the Company unless and until the Restricted Stock Units are settled in Shares. To the extent you have elected to defer settlement of Restricted Stock Units with a Grant Date on or after the Company's 2015 Annual Meeting of Shareholders, dividend equivalents shall accrue after the vesting of the Restricted Stock Units and will be subject to the same conditions and restrictions as the Restricted Stock Units to which they attach as set forth in the Plan or this Agreement and will be settled in additional Shares upon your Separation from Service.

12. **Authorization to Release Necessary Personal Information.**

(a) You hereby authorize and direct the Company to collect, use and transfer in electronic or other form, any personal information (the "Data") regarding your service, the nature and amount of your compensation and the facts and conditions of your participation in the Plan (including, but not limited to, your name, home address, telephone number, date of birth, social security number (or any other social or national identification number), compensation, nationality, job title, number of Shares held and the details of all Awards or any other entitlement to Shares awarded, cancelled, exercised, vested, unvested or outstanding) for the purpose of implementing, administering and managing your participation in the Plan. You understand that the Data may be transferred to the Company or any of its Subsidiaries, or to any third parties assisting in the implementation, administration and management of the Plan, including any requisite transfer to a broker or other third party assisting with the administration of these Restricted Stock Units under the Plan or with whom Shares acquired pursuant to these Restricted Stock Units or cash from the sale of such shares may be deposited. You acknowledge that recipients of the Data may be located in different countries, and those countries may have data privacy laws and protections different from those in the country of your residence. Furthermore, you acknowledge and understand that the transfer of the Data to the Company or any of its Subsidiaries, or to any third parties is necessary for your participation in the Plan.

(b) You may at any time withdraw the consents herein by contacting the Company's local human resources representative in writing. You further acknowledge that withdrawal of consent may affect your ability to exercise or realize benefits from these Restricted Stock Units and your ability to participate in the Plan.

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13. **No Entitlement or Claims for Compensation.**

(a) Your rights, if any, in respect of or in connection with these Restricted Stock Units or any other Award are derived solely from the discretionary decision of the Company to permit you to participate in the Plan and to benefit from a discretionary Award. By accepting these Restricted Stock Units, you expressly acknowledge that there is no obligation on the part of the Company to continue the Plan and/or grant any additional Awards to you. These Restricted Stock Units are not intended to be compensation of a continuing or recurring nature, or part of your normal or expected compensation, and in no way represents any portion of your compensation or other remuneration for purposes of pension benefits, severance, redundancy, resignation or any other purpose.

(b) Neither the Plan nor these Restricted Stock Units or any other Award granted under the Plan shall be deemed to give you a right to continue to serve on the Board of the Company for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Company or the Company's shareholders, which rights are hereby expressly reserved by each, to terminate your service on the Board at any time, for any reason, with or without cause, in accordance with the provisions of applicable law, the Company's Articles of Incorporation and Bylaws. You shall be deemed irrevocably to have waived any claim to damages or specific performance for breach of contract or dismissal, compensation for loss of office, tort or otherwise with respect to the Plan, these Restricted Stock Units or any outstanding Award that is forfeited and/or is terminated by its terms or to any future Award.

(c) You agree that your rights hereunder shall be subject to set-off by the Company for any valid debts you owe the Company.

14. **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of California without regard to the conflict of laws principles thereof.

15. **Notices.** Any notice required or permitted under the terms of this Agreement shall be in writing and shall be deemed sufficient when delivered personally or sent by confirmed email, telegram, or fax or forty-eight (48) hours after being deposited in the U.S. mail, as certified or registered mail, with postage prepaid, and addressed to the Company at the Company's principal corporate offices or to you at the address maintained for you in the Company's records or, in either case, as subsequently modified by written notice to the other party.

16. **Binding Effect.** Subject to the limitations set forth in this Agreement, this Agreement shall be binding upon, and inure to the benefit of, the executors, administrators, heirs, legal representatives, successors, and assigns of the parties hereto.

(a) 17. **Severability.** If any provision of this Agreement is held to be unenforceable for any reason, it shall be adjusted rather than voided, if possible, in order to achieve the intent of the parties to the extent possible. In any event, all other provisions of this Agreement shall be deemed valid and enforceable to the full extent possible.

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**NON-EMPLOYEE DIRECTOR ANNUAL RSU GRANT  
(For Grants Beginning Fiscal 2009 Through the Date that is  
One Day Prior to the Date of the Company's 2015 Annual Meeting of Shareholders)**

**CISCO SYSTEMS, INC.  
STOCK UNIT AGREEMENT**

This Stock Unit Agreement (the "Agreement") is made and entered into as of the Grant Date (as defined below) by and between Cisco Systems, Inc., a California corporation (the "Company"), and you pursuant to the Cisco Systems, Inc. 2005 Stock Incentive Plan (the "Plan"). The material terms of this Stock Unit Award are as follows:

Grantee: \_\_\_\_\_

Grant Date: \_\_\_\_\_

Grant Number: \_\_\_\_\_

Restricted Stock Units: \_\_\_\_\_

Vest Date: The completion of one (1) year of Board service measured from the Grant Date.

To the extent any capitalized terms used in this Agreement are not defined, they shall have the meaning ascribed to them in the Plan. In the event of a conflict between the terms and provisions of the Plan and the terms and provisions of this Agreement, the Plan terms and provisions shall prevail.

In consideration of the mutual agreements herein contained and intending to be legally bound hereby, the parties agree as follows:

**1. Restricted Stock Units.** Pursuant to the Plan, the Company hereby grants to you, and you hereby accept from the Company, Restricted Stock Units, each of which is a bookkeeping entry representing the equivalent in value of one (1) Share, on the terms and conditions set forth herein and in the Plan.

**2. Vesting of Restricted Stock Units.** So long as your service on the Board continues, the Restricted Stock Units shall vest in accordance with the following schedule: one-hundred percent (100%) of the total number of Restricted Stock Units granted pursuant to this Agreement shall vest on the Vest Date, unless otherwise provided by the Plan or Section 4 below.

**3. Termination of Service.** Except as provided in Section 4 below, in the event of the termination of your Board service for any reason, all unvested Restricted Stock Units shall be immediately forfeited without consideration.

**4. Special Acceleration.**

(a) To the extent the Restricted Stock Units are outstanding at the time of a Corporate Transaction or a Change in Control, such Restricted Stock Units shall automatically accelerate immediately prior to the effective date of the Corporate Transaction or the Change in Control, as the case may be, and shall become vested in full at that time.

(b) If your service on the Board ceases as a result of your death or Disability, to the extent the Restricted Stock Units are outstanding, such Restricted Stock Units shall automatically accelerate and shall become vested in full at that time.

(c) This Agreement shall not in any way affect the right of the Company to adjust, reclassify, reorganize or otherwise change its capital or business structure or to merge, consolidate, dissolve, liquidate, sell or transfer all or any part of its business or assets.

**5. Settlement of Restricted Stock Units.** To the extent you have not elected to defer settlement of the Restricted Stock Units, the Restricted Stock Units shall be automatically settled in Shares upon vesting of such Restricted Stock Units, provided that the Company shall have no obligation to issue Shares pursuant to this Agreement unless such issuance complies with all applicable law. To the extent you have elected to defer settlement of the Restricted Stock Units, the vested portion of the Restricted Stock Units shall be settled in Shares upon your separation from service within the meaning of Code Section 409A ("Separation from Service"), provided that the Company shall have no obligation to issue Shares pursuant to this Agreement unless such issuance complies with all applicable law.

**6. Tax Advice.** You represent, warrant and acknowledge that the Company has made no warranties or representations to you with respect to the income tax consequences of the transactions contemplated by this Agreement, and you are in no manner relying on the Company or the Company's representatives for an assessment of such tax consequences. YOU UNDERSTAND THAT THE TAX LAWS AND

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REGULATIONS ARE SUBJECT TO CHANGE. YOU SHOULD CONSULT YOUR OWN TAX ADVISOR REGARDING ANY RESTRICTED STOCK UNITS. NOTHING STATED HEREIN IS INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, FOR THE PURPOSE OF AVOIDING TAXPAYER PENALTIES.

**7. Non-Transferability of Restricted Stock Units.** Restricted Stock Units shall not be anticipated, assigned, attached, garnished, optioned, transferred or made subject to any creditor's process, whether voluntarily or involuntarily or by operation of law.

**8. Restriction on Transfer.** Regardless of whether the transfer or issuance of the Shares to be issued pursuant to the Restricted Stock Units has been registered under the Securities Act or has been registered or qualified under the securities laws of any state, the Company may impose additional restrictions upon the sale, pledge, or other transfer of the Shares (including the placement of appropriate legends on stock certificates and the issuance of stop-transfer instructions to the Company's transfer agent) if, in the judgment of the Company and the Company's counsel, such restrictions are necessary in order to achieve compliance with the provisions of the Securities Act, the securities laws of any state, or any other law.

**9. Stock Certificate Restrictive Legends.** Stock certificates evidencing the Shares issued pursuant to the Restricted Stock Units may bear such restrictive legends as the Company and the Company's counsel deem necessary under applicable law or pursuant to this Agreement.

**10. Representations, Warranties, Covenants, and Acknowledgments.** You hereby agree that in the event the Company and the Company's counsel deem it necessary or advisable in the exercise of their discretion, the transfer or issuance of the Shares issued pursuant to the Restricted Stock Units may be conditioned upon you making certain representations, warranties, and acknowledgments relating to compliance with applicable securities laws.

**11. Voting and Other Rights.** Subject to the terms of this Agreement, you shall not have any voting rights or any other rights and privileges of a shareholder of the Company unless and until the Restricted Stock Units are settled upon vesting.

**12. Authorization to Release Necessary Personal Information.**

(a) You hereby authorize and direct the Company to collect, use and transfer in electronic or other form, any personal information (the "Data") regarding your service, the nature and amount of your compensation and the facts and conditions of your participation in the Plan (including, but not limited to, your name, home address, telephone number, date of birth, social security number (or any other social or national identification number), compensation, nationality, job title, number of Shares held and the details of all Awards or any other entitlement to Shares awarded, cancelled, exercised, vested, unvested or outstanding) for the purpose of implementing, administering and managing your participation in the Plan. You understand that the Data may be transferred to the Company or any of its Subsidiaries, or to any third parties assisting in the implementation, administration and management of the Plan, including any requisite transfer to a broker or other third party assisting with the administration of these Restricted Stock Units under the Plan or with whom Shares acquired pursuant to these Restricted Stock Units or cash from the sale of such shares may be deposited. You acknowledge that recipients of the Data may be located in different countries, and those countries may have data privacy laws and protections different from those in the country of your residence. Furthermore, you acknowledge and understand that the transfer of the Data to the Company or any of its Subsidiaries, or to any third parties is necessary for your participation in the Plan.

(b) Prior to the time that the Restricted Stock Units are settled upon vesting, you shall have no rights other than those of a general creditor of the Company. The Restricted Stock Units represent an unfunded and unsecured obligation of the Company.

(c) You may at any time withdraw the consents herein by contacting the Company's local human resources representative in writing. You further acknowledge that withdrawal of consent may affect your ability to exercise or realize benefits from these Restricted Stock Units, and your ability to participate in the Plan.

**13. No Entitlement or Claims for Compensation.**

(a) Your rights, if any, in respect of or in connection with these Restricted Stock Units or any other Award are derived solely from the discretionary decision of the Company to permit you to participate in the Plan and to benefit from a discretionary Award. By accepting these Restricted Stock Units, you expressly acknowledge that there is no obligation on the part of the Company to continue the Plan and/or grant any additional Awards to you. These Restricted Stock Units are not intended to be compensation of a continuing or recurring nature, or part of your normal or expected compensation, and in no way represents any portion of a your compensation or other remuneration for purposes of pension benefits, severance, redundancy, resignation or any other purpose.

(b) Neither the Plan nor these Restricted Stock Units or any other Award granted under the Plan shall be deemed to give you a right to continue to serve on the Board of the Company for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Company or the Company's shareholders, which rights are hereby expressly reserved by each, to terminate your service on the Board at any time, for any reason, with or without cause, in accordance with the provisions of applicable law, the Company's Articles of Incorporation and Bylaws. You shall be deemed irrevocably to have waived any claim to damages or specific performance for breach of contract or dismissal, compensation for loss of office, tort or otherwise with respect to the Plan, these Restricted Stock Units or any outstanding Award that is forfeited and/or is terminated by its terms or to any future Award.

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(c) You agree that your rights hereunder shall be subject to set-off by the Company for any valid debts you owe the Company.

**14. Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of California without regard to the conflict of laws principles thereof.

**15. Notices.** Any notice required or permitted under the terms of this Agreement shall be in writing and shall be deemed sufficient when delivered personally or sent by confirmed email, telegram, or fax or forty-eight (48) hours after being deposited in the U.S. mail, as certified or registered mail, with postage prepaid, and addressed to the Company at the Company's principal corporate offices or to you at the address maintained for you in the Company's records or, in either case, as subsequently modified by written notice to the other party.

**16. Binding Effect.** Subject to the limitations set forth in this Agreement, this Agreement shall be binding upon, and inure to the benefit of, the executors, administrators, heirs, legal representatives, successors, and assigns of the parties hereto.

**17. Severability.** If any provision of this Agreement is held to be unenforceable for any reason, it shall be adjusted rather than voided, if possible, in order to achieve the intent of the parties to the extent possible. In any event, all other provisions of this Agreement shall be deemed valid and enforceable to the full extent possible.

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**NON-EMPLOYEE DIRECTOR STOCK UNIT  
IN LIEU OF ANNUAL RETAINER  
(For Grants Effective on and after the Date of the  
Company's 2015 Annual Meeting of Shareholders and Prior to the  
2016 Annual Meeting of Shareholders)**

**CISCO SYSTEMS, INC.  
STOCK UNIT AGREEMENT**

This Stock Unit Agreement (the "Agreement") is made and entered into as of the Grant Date (as defined below) by and between Cisco Systems, Inc., a California corporation (the "Company"), and you pursuant to the Cisco Systems, Inc. 2005 Stock Incentive Plan (the "Plan"). The material terms of this Stock Unit Award are as follows:

Grantee: \_\_\_\_\_

Grant Date: \_\_\_\_\_

Grant Number: \_\_\_\_\_

Restricted Stock Units: \_\_\_\_\_

To the extent any capitalized terms used in this Agreement are not defined, they shall have the meaning ascribed to them in the Plan. In the event of a conflict between the terms and provisions of the Plan and the terms and provisions of this Agreement, the Plan terms and provisions shall prevail.

In consideration of the mutual agreements herein contained and intending to be legally bound hereby, the parties agree as follows:

1. **Restricted Stock Units.** Pursuant to the Plan, the Company hereby grants to you, and you hereby accept from the Company, Restricted Stock Units, each of which is a bookkeeping entry representing the equivalent in value of one (1) Share, on the terms and conditions set forth herein and in the Plan.
  2. **Vesting of Restricted Stock Units.** One-hundred percent (100%) of the total number of Restricted Stock Units granted pursuant to this Agreement shall vest on the Grant Date.
  3. **Settlement of Restricted Stock Units.** Restricted Stock Units shall be automatically settled in Shares upon your separation from service within the meaning of Code Section 409A ("Separation from Service"), provided that the Company shall have no obligation to issue Shares pursuant to this Agreement unless and until such issuance complies with all applicable law. Prior to the time that the Restricted Stock Units are settled in Shares upon your Separation from Service, you shall have no rights other than those of a general creditor of the Company. The Restricted Stock Units represent an unfunded and unsecured obligation of the Company.
  4. **Tax Advice.** You represent, warrant and acknowledge that the Company has made no warranties or representations to you with respect to the income tax consequences of the transactions contemplated by this Agreement, and you are in no manner relying on the Company or the Company's representatives for an assessment of such tax consequences. YOU UNDERSTAND THAT THE TAX LAWS AND REGULATIONS ARE SUBJECT TO CHANGE. YOU SHOULD CONSULT YOUR OWN TAX ADVISOR REGARDING ANY RESTRICTED STOCK UNITS. NOTHING STATED HEREIN IS INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, FOR THE PURPOSE OF AVOIDING TAXPAYER PENALTIES.
  5. **Non-Transferability of Restricted Stock Units.** Restricted Stock Units shall not be anticipated, assigned, attached, garnished, optioned, transferred or made subject to any creditor's process, whether voluntarily or involuntarily or by operation of law.
  6. **Restriction on Transfer.** Regardless of whether the transfer or issuance of the Shares to be issued pursuant to the Restricted Stock Units has been registered under the Securities Act or has been registered or qualified under the securities laws of any state, the Company may impose additional restrictions upon the sale, pledge, or other transfer of the Shares (including the placement of appropriate legends on stock certificates and the issuance of stop-transfer instructions to the Company's transfer
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agent) if, in the judgment of the Company and the Company's counsel, such restrictions are necessary in order to achieve compliance with the provisions of the Securities Act, the securities laws of any state, or any other law.

7. **Stock Certificate Restrictive Legends.** Stock certificates evidencing the Shares issued pursuant to the Restricted Stock Units may bear such restrictive legends as the Company and the Company's counsel deem necessary under applicable law or pursuant to this Agreement.

8. **Representations, Warranties, Covenants, and Acknowledgments.** You hereby agree that in the event the Company and the Company's counsel deem it necessary or advisable in the exercise of their discretion, the transfer or issuance of the Shares issued pursuant to the Restricted Stock Units may be conditioned upon you making certain representations, warranties, and acknowledgments relating to compliance with applicable securities laws.

9. **Voting, Dividend and Other Rights.** Subject to the terms of this Agreement and except as set forth below, you shall not have any voting rights or any other rights and privileges of a shareholder of the Company unless and until the Restricted Stock Units are settled upon your Separation from Service. Dividend equivalents shall accrue and will be subject to the same conditions and restrictions as the Restricted Stock Units to which they attach as set forth in the Plan or this Agreement and will be settled in additional Shares upon your Separation from Service.

10. **Authorization to Release Necessary Personal Information.**

(a) You hereby authorize and direct the Company to collect, use and transfer in electronic or other form, any personal information (the "Data") regarding your service, the nature and amount of your compensation and the facts and conditions of your participation in the Plan (including, but not limited to, your name, home address, telephone number, date of birth, social security number (or any other social or national identification number), compensation, nationality, job title, number of Shares held and the details of all Awards or any other entitlement to Shares awarded, cancelled, exercised, vested, unvested or outstanding) for the purpose of implementing, administering and managing your participation in the Plan. You understand that the Data may be transferred to the Company or any of its Subsidiaries, or to any third parties assisting in the implementation, administration and management of the Plan, including any requisite transfer to a broker or other third party assisting with the administration of these Restricted Stock Units under the Plan or with whom Shares acquired pursuant to these Restricted Stock Units or cash from the sale of such shares may be deposited. You acknowledge that recipients of the Data may be located in different countries, and those countries may have data privacy laws and protections different from those in the country of your residence. Furthermore, you acknowledge and understand that the transfer of the Data to the Company or any of its Subsidiaries, or to any third parties is necessary for your participation in the Plan.

(b) You may at any time withdraw the consents herein by contacting the Company's local human resources representative in writing. You further acknowledge that withdrawal of consent may affect your ability to exercise or realize benefits from these Restricted Stock Units and your ability to participate in the Plan.

11. **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of California without regard to the conflict of laws principles thereof.

12. **Notices.** Any notice required or permitted under the terms of this Agreement shall be in writing and shall be deemed sufficient when delivered personally or sent by confirmed email, telegram, or fax or forty-eight (48) hours after being deposited in the U.S. mail, as certified or registered mail, with postage prepaid, and addressed to the Company at the Company's principal corporate offices or to you at the address maintained for you in the Company's records or, in either case, as subsequently modified by written notice to the other party.

13. **Binding Effect.** Subject to the limitations set forth in this Agreement, this Agreement shall be binding upon, and inure to the benefit of, the executors, administrators, heirs, legal representatives, successors, and assigns of the parties hereto.

14. **Severability.** If any provision of this Agreement is held to be unenforceable for any reason, it shall be adjusted rather than voided, if possible, in order to achieve the intent of the parties to the extent possible. In any event, all other provisions of this Agreement shall be deemed valid and enforceable to the full extent possible.

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**NON-EMPLOYEE DIRECTOR STOCK UNIT  
IN LIEU OF ANNUAL RETAINER  
(For Grants Effective Prior to the Date of the  
Company's 2015 Annual Meeting of Shareholders)**

**CISCO SYSTEMS, INC.  
STOCK UNIT AGREEMENT**

This Stock Unit Agreement (the "Agreement") is made and entered into as of the Grant Date (as defined below) by and between Cisco Systems, Inc., a California corporation (the "Company"), and you pursuant to the Cisco Systems, Inc. 2005 Stock Incentive Plan (the "Plan"). The material terms of this Stock Unit Award are as follows:

Grantee: \_\_\_\_\_

Grant Date: \_\_\_\_\_

Grant Number: \_\_\_\_\_

Restricted Stock Units: \_\_\_\_\_

To the extent any capitalized terms used in this Agreement are not defined, they shall have the meaning ascribed to them in the Plan. In the event of a conflict between the terms and provisions of the Plan and the terms and provisions of this Agreement, the Plan terms and provisions shall prevail.

In consideration of the mutual agreements herein contained and intending to be legally bound hereby, the parties agree as follows:

- 1. Restricted Stock Units.** Pursuant to the Plan, the Company hereby grants to you, and you hereby accept from the Company, Restricted Stock Units, each of which is a bookkeeping entry representing the equivalent in value of one (1) Share, on the terms and conditions set forth herein and in the Plan.
  - 2. Vesting of Restricted Stock Units.** One-hundred percent (100%) of the total number of Restricted Stock Units granted pursuant to this Agreement shall vest on the Grant Date.
  - 3. Settlement of Restricted Stock Units.** Restricted Stock Units shall be automatically settled in Shares upon your separation from service within the meaning of Code Section 409A ("Separation from Service"), provided that the Company shall have no obligation to issue Shares pursuant to this Agreement unless and until you have satisfied any applicable tax withholding obligations and such issuance otherwise complies with all applicable law.
  - 4. Tax Advice.** You represent, warrant and acknowledge that the Company has made no warranties or representations to you with respect to the income tax consequences of the transactions contemplated by this Agreement, and you are in no manner relying on the Company or the Company's representatives for an assessment of such tax consequences. **YOU UNDERSTAND THAT THE TAX LAWS AND REGULATIONS ARE SUBJECT TO CHANGE. YOU SHOULD CONSULT YOUR OWN TAX ADVISOR REGARDING ANY RESTRICTED STOCK UNITS. NOTHING STATED HEREIN IS INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, FOR THE PURPOSE OF AVOIDING TAXPAYER PENALTIES.**
  - 5. Non-Transferability of Restricted Stock Units.** Restricted Stock Units shall not be anticipated, assigned, attached, garnished, optioned, transferred or made subject to any creditor's process, whether voluntarily or involuntarily or by operation of law. However, this Section 5 shall not preclude you from designating a beneficiary who will receive vested Shares pursuant to this award in the event of your death, nor shall it preclude a transfer of vested Shares pursuant to this award by will or by the laws of descent and distribution.
  - 6. Restriction on Transfer.** Regardless of whether the transfer or issuance of the Shares to be issued pursuant to the Restricted Stock Units has been registered under the Securities Act or has been registered or qualified under the securities laws of any state, the Company may impose additional restrictions upon the sale, pledge, or other transfer of the Shares (including the placement of appropriate legends on stock certificates and the issuance of stop-transfer instructions to the Company's transfer agent) if, in the judgment of the Company and the Company's counsel, such restrictions are necessary in order to achieve compliance with the provisions of the Securities Act, the securities laws of any state, or any other law.
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**7. Stock Certificate Restrictive Legends.** Stock certificates evidencing the Shares issued pursuant to the Restricted Stock Units may bear such restrictive legends as the Company and the Company's counsel deem necessary under applicable law or pursuant to this Agreement.

**8. Representations, Warranties, Covenants, and Acknowledgments.** You hereby agree that in the event the Company and the Company's counsel deem it necessary or advisable in the exercise of their discretion, the transfer or issuance of the Shares issued pursuant to the Restricted Stock Units may be conditioned upon you making certain representations, warranties, and acknowledgments relating to compliance with applicable securities laws.

**9. Voting and Other Rights.** Subject to the terms of this Agreement, you shall not have any voting rights or any other rights and privileges of a shareholder of the Company unless and until the Restricted Stock Units are settled in Shares upon your Separation from Service.

**10. Authorization to Release Necessary Personal Information.**

(a) You hereby authorize and direct the Company to collect, use and transfer in electronic or other form, any personal information (the "Data") regarding your service, the nature and amount of your compensation and the facts and conditions of your participation in the Plan (including, but not limited to, your name, home address, telephone number, date of birth, social security number (or any other social or national identification number), compensation, nationality, job title, number of Shares held and the details of all Awards or any other entitlement to Shares awarded, cancelled, exercised, vested, unvested or outstanding) for the purpose of implementing, administering and managing your participation in the Plan. You understand that the Data may be transferred to the Company or any of its Subsidiaries, or to any third parties assisting in the implementation, administration and management of the Plan, including any requisite transfer to a broker or other third party assisting with the administration of these Restricted Stock Units under the Plan or with whom Shares acquired pursuant to these Restricted Stock Units or cash from the sale of such shares may be deposited. You acknowledge that recipients of the Data may be located in different countries, and those countries may have data privacy laws and protections different from those in the country of your residence. Furthermore, you acknowledge and understand that the transfer of the Data to the Company or any of its Subsidiaries, or to any third parties is necessary for your participation in the Plan.

(b) Prior to the time that the Restricted Stock Units are settled in Shares upon your Separation from Service, you shall have no rights other than those of a general creditor of the Company. The Restricted Stock Units represent an unfunded and unsecured obligation of the Company.

(c) You may at any time withdraw the consents herein by contacting the Company's local human resources representative in writing. You further acknowledge that withdrawal of consent may affect your ability to exercise or realize benefits from these Restricted Stock Units, and your ability to participate in the Plan.

**11. Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of California without regard to the conflict of laws principles thereof.

**12. Notices.** Any notice required or permitted under the terms of this Agreement shall be in writing and shall be deemed sufficient when delivered personally or sent by confirmed email, telegram, or fax or forty-eight (48) hours after being deposited in the U.S. mail, as certified or registered mail, with postage prepaid, and addressed to the Company at the Company's principal corporate offices or to you at the address maintained for you in the Company's records or, in either case, as subsequently modified by written notice to the other party.

**13. Binding Effect.** Subject to the limitations set forth in this Agreement, this Agreement shall be binding upon, and inure to the benefit of, the executors, administrators, heirs, legal representatives, successors, and assigns of the parties hereto.

**14. Severability.** If any provision of this Agreement is held to be unenforceable for any reason, it shall be adjusted rather than voided, if possible, in order to achieve the intent of the parties to the extent possible. In any event, all other provisions of this Agreement shall be deemed valid and enforceable to the full extent possible.

DATED: \_\_\_\_\_

CISCO SYSTEMS, INC.

By: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
GRANTEE



**NON-EMPLOYEE DIRECTOR ELECTIONS**

**INITIAL ANNUAL RETAINER, COMMITTEE RETAINERS/FEES,  
OTHER CASH FEES & EQUITY GRANT**

**INITIAL ANNUAL RETAINER, COMMITTEE RETAINERS/FEES AND OTHER CASH FEES**

The alternatives for the fiscal \_\_\_\_\_ initial annual retainer, committee retainers/fees and other cash fees for non-employee members of the Board of Directors of Cisco Systems, Inc. (the "Company") are:

- a non-deferred cash payment (default option),
- a deferred cash payment under the Company's Deferred Compensation Plan (the "DCP"),
- a vested stock grant under the 2005 Stock Incentive Plan (the "Plan"), and/or
- a vested deferred stock unit ("DSU") grant under the Plan.

**If you make no elections below, you will receive your full initial annual retainer, committee retainers/fees and other cash fees in non-deferred cash.**

**INITIAL ANNUAL RETAINER**

I, being a prospective newly elected or appointed non-employee member of the Board of Directors of the Company, hereby make the below election with respect to my initial annual retainer for the first year (or partial year) of Board service commencing on the date of my election or appointment as a non-employee member of the Board of Directors of the Company.

Alternative	Election	Election under the DCP Separation from Service
<b>Non-Deferred Cash</b> (default option)	<input type="checkbox"/>	N/A
<b><u>Deferred</u> Cash under the Deferred Compensation Plan</b>	<input type="checkbox"/>	I elect to receive my DCP account balance (choose <u>one</u> of the options below):  <input type="checkbox"/> as soon as practicable after my "Separation from Service," but no later than 30 days after my Separation from Service.  <input type="checkbox"/> as soon as practicable in the calendar year following the calendar year of my "Separation from Service," but no later than January 31.
<b>Vested Stock Grant</b>	<input type="checkbox"/>	N/A
<b>Vested DSU Grant</b>	<input type="checkbox"/>	N/A

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**COMMITTEE RETAINERS/FEES AND OTHER CASH FEES**

I, being a prospective newly elected or appointed non-employee member of the Board of Directors of the Company, hereby make the below election with respect to my committee retainers/fees and other cash fees (such as for serving as Lead Independent Director) for the first year (or partial year) of Board service commencing on the date of my election or appointment as a non-employee member of the Board of Directors of the Company.

<b>Alternative</b>	<b>Election</b>	<b>Election under the DCP Separation from Service</b>
<b>Non-Deferred Cash</b> (default option)	<input type="checkbox"/>	N/A
<b><u>Deferred</u> Cash under the Deferred Compensation Plan</b>	<input type="checkbox"/>	I elect to receive my DCP account balance (choose <u>one</u> of the options below): <input type="checkbox"/> as soon as practicable after my "Separation from Service," but no later than 30 days after my Separation from Service. <input type="checkbox"/> as soon as practicable in the calendar year following the calendar year of my "Separation from Service," but no later than January 31.
<b>Vested Stock Grant</b>	<input type="checkbox"/>	N/A
<b>Vested DSU Grant</b>	<input type="checkbox"/>	N/A

I understand the following:

- If I elect to receive deferred cash under the DCP:
    - I authorize the Company to share my personal information with the third-party DCP administrator so that the DCP administrator can begin the enrollment process in order for me to make investment and beneficiary elections pursuant to the terms of the DCP.
    - I will receive my DCP account balance in a cash lump sum, taxable as ordinary income, pursuant to my election above. If I make no election, I will receive my DCP account balance as soon as practicable after my "Separation from Service" within the meaning under Section 409A of the Internal Revenue Code, which generally will be the date my service as a member of the Board of Directors of the Company terminates; provided however, such payment date will be no later than 30 days after my Separation from Service.
  - If I elect to receive a vested stock grant, the shares will be granted on the date of my election or appointment as a non-employee member of the Board of Directors of the Company based on the closing value of the Company's common stock on such date (the "Fair Market Value"), the shares will be taxed as ordinary income to me based on the Fair Market Value, and I will receive the shares as soon as practicable after that date.
  - If I elect to receive a vested DSU grant:
    - The DSU grant will be granted on the date of my election or appointment as a non-employee member of the Board of Directors of the Company based on the Fair Market Value.
    - The DSU grant will be settled in shares of the Company's common stock on, or as soon as practicable after, my Separation from Service; provided however, such settlement shall occur no later than 30 days after my Separation from Service.
-

- Dividend equivalents will accrue on the DSU grant and will be credited as additional DSUs to be settled in additional shares of the Company's common stock on, or as soon as practicable after, my Separation from Service; provided however, such settlement shall occur no later than 30 days after my Separation from Service.
- Receipt of shares of the Company's common stock pursuant to the DSU grant will be taxed as ordinary income to me based on the value of the shares on the date the DSU grant is settled and I receive shares of the Company's common stock.

**[INITIAL EQUITY GRANT ELECTION ON NEXT PAGE]**

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**INITIAL EQUITY GRANT**

I further (check one) (i)  **ELECT** or (ii)  **DO NOT ELECT** to defer the issuance of my initial stock grant of fully vested shares of stock anticipated to be granted under the 2005 Stock Incentive Plan (the "Plan") on the date of my election or appointment in connection with my initial election or appointment as a non-employee member of the Board of Directors of the Company for the year of Board service commencing on such date.

I understand the following:

- If I do not elect to defer the issuance of my initial stock grant, the shares will be granted on the date of my election or appointment as a non-employee member of the Board of Directors of the Company based on the closing value of the Company's common stock on such date (the "Fair Market Value"), the shares will be taxed as ordinary income to me based on the Fair Market Value, and I will receive the shares as soon as practicable after that date.
- If I elect to defer the issuance of my initial stock grant:
  - The grant will not be issued in shares of the Company's common stock as set forth above, but instead will be granted as a fully vested deferred stock unit ("DSU") on the date of my election or appointment as a non-employee member of the Board of Directors of the Company based on the Fair Market Value.
  - The DSU grant will be settled in shares of the Company's common stock on, or as soon as practicable after, my "Separation from Service" within the meaning under Section 409A of the Internal Revenue Code; provided however, such settlement shall occur no later than 30 days after my Separation from Service.
  - Dividend equivalents will accrue on the DSU grant and will be credited as additional DSUs to be settled in additional shares of the Company's common stock on, or as soon as practicable after, my Separation from Service; provided however, such settlement shall occur no later than 30 days after my Separation from Service.
  - Receipt of shares of the Company's common stock pursuant to the DSU grant will be taxed as ordinary income to me based on the value of the shares on the date the DSU grant is settled and I receive shares of the Company's common stock.

\* \* \* \* \*

I understand that these elections will be effective only if received by the Company's Legal Department on or before the date of my election or appointment.

\_\_\_\_\_  
Signature of Non-Employee Director

\_\_\_\_\_  
Date

*\* Because individual circumstances vary, Cisco Systems, Inc. cannot provide tax advice and you should consult with your own tax advisor regarding the income tax consequences of your potential elections.*

## NON-EMPLOYEE DIRECTOR ELECTIONS

### ANNUAL RETAINER, COMMITTEE RETAINERS/FEES, OTHER CASH FEES & EQUITY GRANT

#### ANNUAL RETAINER, COMMITTEE RETAINERS/FEES AND OTHER CASH FEES

The alternatives for the fiscal \_\_\_\_\_ annual retainer (anticipated to be \$80,000), committee retainers/fees and other cash fees for non-employee members of the Board of Directors of Cisco Systems, Inc. (the "Company") are:

- a non-deferred cash payment (default option),
- a deferred cash payment under the Company's Deferred Compensation Plan (the "DCP"),
- a vested stock grant under the 2005 Stock Incentive Plan (the "Plan"), and/or
- a vested deferred stock unit ("DSU") grant under the Plan.

**If you make no elections below, you will receive your full annual retainer, committee retainers/fees and other cash fees in non-deferred cash.**

#### ANNUAL RETAINER

I, being a non-employee member of the Board of Directors of the Company, hereby make the below election with respect to my annual retainer for the next year of Board service commencing at the next Annual Meeting of Shareholders:

Alternative	Election	Election under the DCP Separation from Service
<b>Non-Deferred Cash</b> (default option)	<input type="checkbox"/>	N/A
<b><u>Deferred</u> Cash under the Deferred Compensation Plan</b>	<input type="checkbox"/>	I elect to receive my DCP account balance (choose <u>one</u> of the options below):  <input type="checkbox"/> as soon as practicable after my "Separation from Service," but no later than 30 days after my Separation from Service.  <input type="checkbox"/> as soon as practicable in the calendar year following the calendar year of my "Separation from Service," but no later than January 31.
<b>Vested Stock Grant</b>	<input type="checkbox"/>	N/A
<b>Vested DSU Grant</b>	<input type="checkbox"/>	N/A

**COMMITTEE RETAINERS/FEES AND OTHER CASH FEES**

I, being a non-employee member of the Board of Directors of the Company, hereby make the below election with respect to my committee retainers/fees and other cash fees (such as for serving as Lead Independent Director) for the next year of Board service commencing at the next Annual Meeting of Shareholders:

<b>Alternative</b>	<b>Election</b>	<b>Election under the DCP Separation from Service</b>
<b>Non-Deferred Cash</b> (default option)	<input type="checkbox"/>	N/A
<b><u>Deferred</u> Cash under the Deferred Compensation Plan</b>	<input type="checkbox"/>	I elect to receive my DCP account balance (choose <u>one</u> of the options below): <input type="checkbox"/> as soon as practicable after my “Separation from Service,” but no later than 30 days after my Separation from Service. <input type="checkbox"/> as soon as practicable in the calendar year following the calendar year of my “Separation from Service,” but no later than January 31.
<b>Vested Stock Grant</b>	<input type="checkbox"/>	N/A
<b>Vested DSU Grant</b>	<input type="checkbox"/>	N/A

I understand the following:

- If I elect to receive deferred cash under the DCP:
    - I authorize the Company to share my personal information with the third-party DCP administrator so that the DCP administrator can begin the enrollment process in order for me to make investment and beneficiary elections pursuant to the terms of the DCP.
    - I will receive my DCP account balance in a cash lump sum, taxable as ordinary income, pursuant to my election above. If I make no election, I will receive my DCP account balance as soon as practicable after my “Separation from Service” within the meaning under Section 409A of the Internal Revenue Code, which generally will be the date my service as a member of the Board of Directors of the Company terminates; provided however, such payment date will be no later than 30 days after my Separation from Service.
  - If I elect to receive a vested stock grant, the shares will be granted on the date of the Annual Meeting of Shareholders based on the closing value of the Company’s common stock on such date (the “Fair Market Value”), the shares will be taxed as ordinary income to me based on the Fair Market Value, and I will receive the shares as soon as practicable after that date.
  - If I elect to receive a vested DSU grant:
    - The DSU grant will be granted on the date of the Annual Meeting of Shareholders based on the Fair Market Value.
    - The DSU grant will be settled in shares of the Company’s common stock on, or as soon as practicable after, my Separation from Service; provided however, such settlement shall occur no later than 30 days after my Separation from Service.
    - Dividend equivalents will accrue on the DSU grant and will be credited as additional DSUs to be settled in additional shares of the Company’s common stock on, or as soon as practicable after, my Separation from Service; provided however, such settlement shall occur no later than 30 days after my Separation from Service.
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- Receipt of shares of the Company's common stock pursuant to the DSU grant will be taxed as ordinary income to me based on the value of the shares on the date the DSU grant is settled and I receive shares of the Company's common stock.

**[ANNUAL EQUITY GRANT ELECTION ON NEXT PAGE]**

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**ANNUAL EQUITY GRANT**

I further (check one) (i)  **ELECT** or (ii)  **DO NOT ELECT** to defer the issuance of my annual stock grant of fully vested shares of stock anticipated to be granted under the 2005 Stock Incentive Plan (the "Plan") on the date of the next Annual Meeting of Shareholders for the year of Board service commencing at the next Annual Meeting of Shareholders.

I understand the following:

- If I do not elect to defer the issuance of my annual stock grant, the shares will be granted on the date of the Annual Meeting of Shareholders based on the closing value of the Company's common stock on such date (the "Fair Market Value"), the shares will be taxed as ordinary income to me based on the Fair Market Value, and I will receive the shares as soon as practicable after that date.
- If I elect to defer the issuance of my annual stock grant:
  - The grant will not be issued in shares of the Company's common stock as set forth above, but instead will be granted as a fully vested deferred stock unit ("DSU") on the date of the Annual Meeting of Shareholders based on the Fair Market Value.
  - The DSU grant will be settled in shares of the Company's common stock on, or as soon as practicable after, my "Separation from Service" within the meaning under Section 409A of the Internal Revenue Code; provided however, such settlement shall occur no later than 30 days after my Separation from Service.
  - Dividend equivalents will accrue on the DSU grant and will be credited as additional DSUs to be settled in additional shares of the Company's common stock on, or as soon as practicable after, my Separation from Service; provided however, such settlement shall occur no later than 30 days after my Separation from Service.
  - Receipt of shares of the Company's common stock pursuant to the DSU grant will be taxed as ordinary income to me based on the value of the shares on the date the DSU grant is settled and I receive shares of the Company's common stock.

\* \* \* \* \*

I understand that these elections will be effective only if received by \_\_\_\_\_ on or before [December 31, [PRECEDING YEAR]].

\_\_\_\_\_  
Signature of Non-Employee Director

\_\_\_\_\_  
Date

*\* Because individual circumstances vary, Cisco Systems, Inc. cannot provide tax advice and you should consult with your own tax advisor regarding the income tax consequences of your potential elections.*

\_\_\_\_\_



**NON-EMPLOYEE DIRECTOR ELECTIONS  
INITIAL ANNUAL RETAINER & EQUITY GRANT**

**INITIAL ANNUAL RETAINER**

The alternatives for the fiscal \_\_\_\_\_ initial annual retainer for non-employee members of the Board of Directors of Cisco Systems, Inc. (the "Company") are:

- a non-deferred cash payment (default option),
- a deferred cash payment under the Company's Deferred Compensation Plan (the "DCP"),
- a vested stock grant under the 2005 Stock Incentive Plan (the "Plan"), and/or
- a vested deferred stock unit ("DSU") grant under the Plan.

**If you make no elections below, you will receive your full initial annual retainer in non-deferred cash.**

I, being a prospective newly elected or appointed non-employee member of the Board of Directors of the Company, hereby make the below elections with respect to my initial annual retainer for the first year (or partial year) of Board service commencing on the date of my election or appointment as a non-employee member of the Board of Directors of the Company. (The Election Amount must total 100%.)

<b>Alternative</b>	<b>Election Amount (0% to 100%, in increments of 25%)</b>	<b>Election under the DCP Separation from Service</b>
<b>Non-Deferred Cash</b> (default option)	%  (e.g. 0%, 25%, 50%, 75% or 100%)	N/A
<b><u>Deferred</u> Cash under the Deferred Compensation Plan</b>	%	I elect to receive my DCP account balance (choose <u>one</u> of the options below): <input type="checkbox"/> as soon as practicable after my "Separation from Service," but no later than 30 days after my Separation from Service. <input type="checkbox"/> as soon as practicable in the calendar year following the calendar year of my "Separation from Service," but no later than January 31.
<b>Vested Stock Grant</b>	%	N/A
<b>Vested DSU Grant</b>	%	N/A
<b><u>TOTAL</u></b>	<b><u>100%</u></b>	

I understand the following:

- If I elect to receive deferred cash under the DCP:
  - o I authorize the Company to share my personal information with the third-party DCP administrator so that the DCP administrator can begin the enrollment process in order for me to make investment and beneficiary elections pursuant to the terms of the DCP.
  - o I will receive my DCP account balance in a cash lump sum, taxable as ordinary income, pursuant to my election above. If I make no election, I will receive my DCP account balance as soon as practicable after my “Separation from Service” within the meaning under Section 409A of the Internal Revenue Code, which generally will be the date my service as a member of the Board of Directors of the Company terminates; provided however, such payment date will be no later than 30 days after my Separation from Service.
- If I elect to receive a vested stock grant, the shares will be granted on the date of my election or appointment as a non-employee member of the Board of Directors of the Company based on the closing value of the Company’s common stock on such date (the “Fair Market Value”), the shares will be taxed as ordinary income to me based on the Fair Market Value, and I will receive the shares as soon as practicable after that date.
- If I elect to receive a vested DSU grant:
  - o The DSU grant will be granted on the date of my election or appointment as a non-employee member of the Board of Directors of the Company based on the Fair Market Value.
  - o The DSU grant will be settled in shares of the Company’s common stock on, or as soon as practicable after, my Separation from Service; provided however, such settlement shall occur no later than 30 days after my Separation from Service.
  - o Dividend equivalents will accrue on the DSU grant and will be credited as additional DSUs to be settled in additional shares of the Company’s common stock on, or as soon as practicable after, my Separation from Service; provided however, such settlement shall occur no later than 30 days after my Separation from Service.
  - o Receipt of shares of the Company’s common stock pursuant to the DSU grant will be taxed as ordinary income to me based on the value of the shares on the date the DSU grant is settled and I receive shares of the Company’s common stock.

[INITIAL EQUITY GRANT ELECTION ON NEXT PAGE]

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**INITIAL EQUITY GRANT**

I further (check one) (i)  **ELECT** or (ii)  **DO NOT ELECT** to defer the issuance of my initial stock grant of fully vested shares of stock anticipated to be granted under the 2005 Stock Incentive Plan (the "Plan") on the date of my election or appointment in connection with my initial election or appointment as a non-employee member of the Board of Directors of the Company for the year of Board service commencing on such date.

I understand the following:

- If I do not elect to defer the issuance of my initial stock grant, the shares will be granted on the date of my election or appointment as a non-employee member of the Board of Directors of the Company based on the closing value of the Company's common stock on such date (the "Fair Market Value"), the shares will be taxed as ordinary income to me based on the Fair Market Value, and I will receive the shares as soon as practicable after that date.
- If I elect to defer the issuance of my initial stock grant:
  - o The grant will not be issued in shares of the Company's common stock as set forth above, but instead will be granted as a fully vested deferred stock unit ("DSU") on the date of my election or appointment as a non-employee member of the Board of Directors of the Company based on the Fair Market Value.
  - o The DSU grant will be settled in shares of the Company's common stock on, or as soon as practicable after, my "Separation from Service" within the meaning under Section 409A of the Internal Revenue Code; provided however, such settlement shall occur no later than 30 days after my Separation from Service.
  - o Dividend equivalents will accrue on the DSU grant and will be credited as additional DSUs to be settled in additional shares of the Company's common stock on, or as soon as practicable after, my Separation from Service; provided however, such settlement shall occur no later than 30 days after my Separation from Service.
  - o Receipt of shares of the Company's common stock pursuant to the DSU grant will be taxed as ordinary income to me based on the value of the shares on the date the DSU grant is settled and I receive shares of the Company's common stock.

\* \* \* \* \*

I understand that these elections will be effective only if received by the Company's Legal Department on or before the date of my election or appointment.

\_\_\_\_\_  
Signature of Non-Employee Director

\_\_\_\_\_  
Date

*\* Because individual circumstances vary, Cisco Systems, Inc. cannot provide tax advice and you should consult with your own tax advisor regarding the income tax consequences of your potential elections.*

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**NON-EMPLOYEE DIRECTOR ELECTIONS  
ANNUAL RETAINER & EQUITY GRANT**

**ANNUAL RETAINER**

The alternatives for the fiscal \_\_\_\_\_ annual retainer (anticipated to be \$75,000) for non-employee members of the Board of Directors of Cisco Systems, Inc. (the "Company") are:

- a non-deferred cash payment (default option),
- a deferred cash payment under the Company's Deferred Compensation Plan (the "DCP"),
- a vested stock grant under the 2005 Stock Incentive Plan (the "Plan"), and/or
- a vested deferred stock unit ("DSU") grant under the Plan.

**If you make no elections below, you will receive your full annual retainer in non-deferred cash.**

I, being a non-employee member of the Board of Directors of the Company, hereby make the below elections with respect to my annual retainer for the next year of Board service commencing at the next Annual Meeting of Shareholders. (The Election Amount must total 100%.)

<b>Alternative</b>	<b>Election Amount (0% to 100%, in increments of 25%)</b>	<b>Election under the DCP Separation from Service</b>
<b>Non-Deferred Cash</b> (default option)	% (e.g. 0%, 25%, 50%, 75% or 100%)	N/A
<b><u>Deferred</u> Cash under the Deferred Compensation Plan</b>	%	I elect to receive my DCP account balance (choose <u>one</u> of the options below):  as soon as practicable after my "Separation from Service," but no later than 30 days after my Separation from Service.  as soon as practicable in the calendar year following the calendar year of my "Separation from Service," but no later than January 31.
<b>Vested Stock Grant</b>	%	N/A
<b>Vested DSU Grant</b>	%	N/A
<b><u>TOTAL</u></b>	<b><u>100%</u></b>	

I understand the following:

- If I elect to receive deferred cash under the DCP:
  - o I authorize the Company to share my personal information with the third-party DCP administrator so that the DCP administrator can begin the enrollment process in order for me to make investment and beneficiary elections pursuant to the terms of the DCP.
  - o I will receive my DCP account balance in a cash lump sum, taxable as ordinary income, pursuant to my election above. If I make no election, I will receive my DCP account balance as soon as practicable after my “Separation from Service” within the meaning under Section 409A of the Internal Revenue Code, which generally will be the date my service as a member of the Board of Directors of the Company terminates; provided however, such payment date will be no later than 30 days after my Separation from Service.
- If I elect to receive a vested stock grant, the shares will be granted on the date of the Annual Meeting of Shareholders based on the closing value of the Company’s common stock on such date (the “Fair Market Value”), the shares will be taxed as ordinary income to me based on the Fair Market Value, and I will receive the shares as soon as practicable after that date.
- If I elect to receive a vested DSU grant:
  - o The DSU grant will be granted on the date of the Annual Meeting of Shareholders based on the Fair Market Value.
  - o The DSU grant will be settled in shares of the Company’s common stock on, or as soon as practicable after, my Separation from Service; provided however, such settlement shall occur no later than 30 days after my Separation from Service.
  - o Dividend equivalents will accrue on the DSU grant and will be credited as additional DSUs to be settled in additional shares of the Company’s common stock on, or as soon as practicable after, my Separation from Service; provided however, such settlement shall occur no later than 30 days after my Separation from Service.
  - o Receipt of shares of the Company’s common stock pursuant to the DSU grant will be taxed as ordinary income to me based on the value of the shares on the date the DSU grant is settled and I receive shares of the Company’s common stock.

[ANNUAL EQUITY GRANT ELECTION ON NEXT PAGE]

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**ANNUAL EQUITY GRANT**

I further (check one) (i)  **ELECT** or (ii)  **DO NOT ELECT** to defer the issuance of my annual stock grant of fully vested shares of stock anticipated to be granted under the 2005 Stock Incentive Plan (the "Plan") on the date of the next Annual Meeting of Shareholders for the year of Board service commencing at the next Annual Meeting of Shareholders.

I understand the following:

- If I do not elect to defer the issuance of my annual stock grant, the shares will be granted on the date of the Annual Meeting of Shareholders based on the closing value of the Company's common stock on such date (the "Fair Market Value"), the shares will be taxed as ordinary income to me based on the Fair Market Value, and I will receive the shares as soon as practicable after that date.
- If I elect to defer the issuance of my annual stock grant:
  - o The grant will not be issued in shares of the Company's common stock as set forth above, but instead will be granted as a fully vested deferred stock unit ("DSU") on the date of the Annual Meeting of Shareholders based on the Fair Market Value.
  - o The DSU grant will be settled in shares of the Company's common stock on, or as soon as practicable after, my "Separation from Service" within the meaning under Section 409A of the Internal Revenue Code; provided however, such settlement shall occur no later than 30 days after my Separation from Service.
  - o Dividend equivalents will accrue on the DSU grant and will be credited as additional DSUs to be settled in additional shares of the Company's common stock on, or as soon as practicable after, my Separation from Service; provided however, such settlement shall occur no later than 30 days after my Separation from Service.
  - o Receipt of shares of the Company's common stock pursuant to the DSU grant will be taxed as ordinary income to me based on the value of the shares on the date the DSU grant is settled and I receive shares of the Company's common stock.

\* \* \* \* \*

I understand that these elections will be effective only if received by \_\_\_\_\_ on or before \_\_\_\_\_ [December 31, [PRECEDING YEAR]].

\_\_\_\_\_  
Signature of Non-Employee Director

\_\_\_\_\_  
Date

*\* Because individual circumstances vary, Cisco Systems, Inc. cannot provide tax advice and you should consult with your own tax advisor regarding the income tax consequences of your potential elections.*

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**CISCO SYSTEMS, INC.  
VESTING ACCELERATION POLICY  
FOR  
DEATH AND TERMINAL ILLNESS  
AS AMENDED JANUARY 27, 2016**

Unless and until the Compensation & Management Development Committee of the Board of Directors of Cisco Systems, Inc. determines otherwise, the following policy shall be applied to all outstanding equity awards issued under any equity plan maintained Cisco or any Cisco subsidiary, including outstanding equity awards and/or equity plans assumed by Cisco in connection with its acquisition of companies, and held by any employee of Cisco or any Cisco subsidiary (each such award shall be referred to herein as an “equity award”), except to the extent that the application of such policy would be prohibited any applicable law, rule or regulation or would result in adverse legal or tax consequences thereunder.

For purposes of this policy:

- the value of stock options and stock appreciation rights is based on the difference between the exercise price of the equity awards and the closing price of Cisco’s stock on the date of the employee’s death or terminal illness, as applicable, or if such day is not a trading day, the last trading day prior to the date of death or terminal illness, as applicable;
- the value of stock grants, stock units, and unvested shares previously acquired pursuant to equity awards (such shares are referred to herein as “unvested equity award shares”) is based on the difference between the purchase price, if any, and the closing price of Cisco’s stock on the date of the employee’s death or terminal illness, as applicable, or if such day is not a trading day, the last trading day prior to the date of death or terminal illness, as applicable;
- “unvested equity award shares” includes outstanding and unvested performance-based restricted stock or stock unit awards and the accelerated vesting of such awards will be deemed to occur at target levels, subject to the specified limits below; and
- to the extent the vesting of any performance-based restricted stock or stock unit award is accelerated pursuant to this policy, the award will be settled upon the death or terminal illness of an employee, as the case may be, except that if the applicable award is subject to Section 409A of the Internal Revenue Code (“Code Section 409A”) and such terminal illness does not qualify as a “Disability” within the meaning of Code Section 409A, then the award will instead be settled on the fixed payment date following the end of the performance period on which the applicable award is normally paid out.

**ACCELERATION UPON DEATH OF EMPLOYEE**

Upon the death of an employee, Cisco will accelerate the vesting of the employee’s outstanding equity awards and any unvested equity award shares up to a specified limit based on the value of the equity awards and/or shares on the date of death. The limit on the amount of accelerated vesting is the greater of: (a) one-hundred percent (100%) of the unvested equity awards and/or unvested equity award shares up to a total value of \$10 million; or (b) up to one year of vesting from the date of death as to all unvested equity awards and/or unvested equity award shares. For example, if an employee held unvested options for 100,000 shares with an exercise price of \$1 which would vest in four annual installments of 25,000 shares, and the closing price of Cisco’s stock on the date of the employee’s death was \$101, all 100,000 of the shares would become vested (100,000 shares x \$100 (the difference between \$101 and \$1) = \$10,000,000).

**ACCELERATION UPON TERMINAL ILLNESS OF EMPLOYEE**

Upon the terminal illness of an employee, Cisco will accelerate the vesting of the employee’s outstanding equity awards and any unvested equity award shares up to a specified limit based on the value of the equity awards and/or shares on the date of the terminal illness. An employee will be considered terminally ill upon the approval by Cisco’s employee life insurance provider of the accelerated life insurance benefit which indicates 12 months or less to live. When a request is made to accelerate the vesting of an employee’s outstanding equity awards and early life insurance payouts are not also requested, an employee will be considered terminally ill upon the approval by Cisco’s external, independent medical review vendor (which may include Cisco’s employee life insurance provider). The date of terminal illness will be the date the determination is made by Cisco’s employee life insurance provider or Cisco’s external, independent medical review vendor. The limit on the amount of accelerated vesting is the greater of: (a) one-hundred percent (100%) of the unvested equity awards and/or unvested equity award shares up to a total value of \$10 million; or (b) up to one year of vesting from the date of the terminal illness as to all unvested equity awards and/or unvested equity award shares. For example, if an employee holds unvested options for 100,000 shares with an exercise price of \$1 which would vest in four annual installments of 25,000 shares, and the closing price of Cisco’s stock on the date that the employee is determined to be terminally ill was \$101, all 100,000 of the shares would become vested (100,000 shares x \$100 (the difference between \$101 and \$1) = \$10,000,000).

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**CISCO SYSTEMS, INC.  
VESTING POLICY  
FOR  
LEAVES OF ABSENCE  
AS AMENDED JANUARY 27, 2016**

Unless and until the Compensation & Management Development Committee of the Board of Directors of Cisco Systems, Inc. determines otherwise, the following policy shall be applied to all outstanding equity awards issued under any equity plan maintained Cisco or any Cisco subsidiary, including outstanding equity awards and/or equity plans assumed by Cisco in connection with its acquisition of companies, and held by any employee of Cisco or any Cisco subsidiary (each such award shall be referred to herein as an “equity award”), except to the extent that the application of such policy would be prohibited by any applicable law, rule or regulation or would result in adverse legal or tax consequences thereunder.

**90 DAYS CONTINUED VESTING ON AUTHORIZED LEAVES OF ABSENCE**

The exercise or vesting schedule in effect for any outstanding equity award and any unvested shares previously acquired pursuant to any equity award (such shares referred to herein as “unvested equity award shares”) held by an employee at the time of the employee’s commencement of an authorized leave of absence shall continue to vest and/or become exercisable in accordance with the vesting schedule set forth in the applicable equity award agreement during the period the employee remains on such authorized leave of absence; provided that, in no event shall any employee be entitled to vest for more than 90 days of authorized leaves of absence during any rolling 12-month period (the “LOA Limit”).

If an employee exceeds the LOA Limit during any rolling 12-month period, the unvested equity award shares held by such an employee shall be suspended immediately following the expiration of the LOA Limit and the equity award and any unvested equity shares shall not vest and/or become exercisable for any additional shares during the remainder of the rolling 12-month period.

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**CISCO SYSTEMS, INC.**  
**TRANSFER POLICY**  
**FOR**  
**DIVORCE**

Unless and until the Compensation & Management Development Committee of the Board of Directors of Cisco Systems, Inc. determines otherwise, the following policy shall be applied to all equity awards issued under any equity plan maintained Cisco or any Cisco subsidiary, including equity awards and/or equity plans assumed by Cisco in connection with its acquisition of companies, and held by any employee of Cisco or any Cisco subsidiary (each such award shall be referred to herein as an “equity award”), except to the extent that the application of such policy would be prohibited by the applicable equity plan, equity award agreement or any applicable law, rule or regulation.

**PROHIBITION ON TRANSFER OF EQUITY AWARDS UPON DIVORCE**

Except as provided below, equity awards and any unvested shares acquired pursuant to equity awards shall not be anticipated, assigned, attached, garnished, optioned, transferred or made subject to any creditor’s process in connection with the divorce of the holder of such equity award or shares. Equity awards and any unvested shares acquired pursuant to equity awards may be transferred by an executive officer of Cisco only to the extent required by a domestic relations order, as defined by the Internal Revenue Code or Title I of the Employee Retirement Income Security Act, or the rules thereunder, in settlement of marital property rights by any court of competent jurisdiction.

**Amended and Restated  
as of January 25, 2021**

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**CISCO SYSTEMS, INC.**  
**2009 DEFERRED COMPENSATION PLAN**

Amended and Restated  
as of January 25, 2021

**Purpose**

The purpose of this Plan is to provide specified benefits to a select group of management or highly compensated Employees who contribute materially to the continued growth, development and future business success of Cisco Systems, Inc., a Delaware corporation, and its subsidiaries, if any, that participate in this Plan. This Plan shall be unfunded for tax purposes and for purposes of Title I of ERISA. This Plan is intended to comply with all applicable law, including Code Section 409A, and shall be operated and interpreted in accordance with this intention. Effective January 1, 2009, this Plan was amended and restated to reflect the Plan's merger with the Scientific-Atlanta Executive Deferred Compensation Plan, as amended and restated, effective May 15, 2002 (the "SA Grandfathered Plan") and the Scientific-Atlanta 2005 Executive Deferred Compensation Plan, as amended and restated, effective January 1, 2008 (the "SA Post-2004 Plan"). Effective January 1, 2013 this Plan was amended and restated to make certain changes to the administrative provisions of the Plan. On October 13, 2016, the Plan was amended, effective April 1, 2017, to add Section 5.2(c) and amend Supplement A (in each case, to provide for certain subsequent deferral elections). On December 22, 2016, the Plan was amended, effective April 1, 2017, to eliminate the application of Section 5.2(d) with respect to future deferrals. Effective as of December 18, 2018, this Plan was amended and restated to include legally required changes to the claims procedures relating to disability determinations. Supplement C was amended and restated effective as of December 10, 2020 to permit deferral by Non-Employee Directors of all other cash fees in addition to annual cash retainer fees. On December 4, 2020, the benefit commencement date provisions under Section 5.2(b) of the Plan were amended, effective as of February 1, 2021. As of January 25, 2021, the Plan was amended to reflect the Company's reincorporation.

**ARTICLE 1**  
**Definitions**

For purposes of this Plan, unless otherwise clearly apparent from the context, the following phrases or terms shall have the following indicated meanings:

- 1.1 "**Account Balance**" shall mean, with respect to a Participant, an entry on the records of the Employer equal to the sum of (i) the Deferral Account balance and (ii) the Company Contributions Account balance. The Account Balance shall be a bookkeeping entry only and shall be utilized solely as a device for the measurement and determination of the amounts to be paid to a Participant, or his or her designated Beneficiary, pursuant to this Plan.
- 1.2 "**Annual Deferral Amount**" shall mean that portion of a Participant's Base Salary, Bonus and Commissions that a Participant defers in accordance with Article 3 for any one Plan Year.
- 1.3 "**Base Salary**" shall mean the annual cash compensation relating to services performed during any calendar year, excluding distributions from nonqualified deferred compensation plans, Bonuses, Commissions, overtime, fringe benefits, stock options and other equity awards,

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relocation expenses, incentive payments, non-monetary awards, and automobile and other allowances paid to a Participant for employment services rendered (whether or not such allowances are included in the Employee's gross income). Base Salary shall be calculated before reduction for compensation voluntarily deferred or contributed by the Participant pursuant to all qualified or nonqualified plans of any Employer and shall be calculated to include amounts not otherwise included in the Participant's gross income under Code Sections 125, 132, 402(e)(3), 402(h), or 403(b) pursuant to plans or arrangements established by any Employer; provided, however, that all such amounts will be included in compensation only to the extent that had there been no such plan, the amount would have been payable in cash to the Employee. Notwithstanding anything in this Plan to the contrary, "Base Salary" shall not include any amount paid pursuant to a disability plan or pursuant to a disability insurance policy.

- 1.4 **"Beneficiary"** shall mean one or more persons, trusts, estates or other entities, designated in accordance with Article 8, that are entitled to receive benefits under this Plan upon the death of a Participant.
- 1.5 **"Beneficiary Designation Form"** shall mean the form, which may be in electronic format, that a Participant completes to designate one or more Beneficiaries in accordance with such procedures established by the Company.
- 1.6 **"Benefit Distribution Date"** shall mean the date that the distribution of all or a portion of a Participant's vested Account Balance becomes payable under the Plan. A Participant's Benefit Distribution Date shall be determined based on the event giving rise to the distribution as more fully described in Articles 4 through 7.
- 1.7 **"Board"** shall mean the board of directors of the Company.
- 1.8 **"Bonus"** shall mean any compensation, earned and payable to a Participant under any incentive pay program other than those programs designated by the Company as ineligible for deferral under the Plan.
- 1.9 **"Claimant"** shall have the meaning set forth in Section 13.1.
- 1.10 **"Code"** shall mean the Internal Revenue Code of 1986, as it may be amended from time to time. The definition of "Code" shall also include related guidance, rules and regulations issued by the U.S. Department of the Treasury and Internal Revenue Service thereunder.
- 1.11 **"Commissions"** shall mean pay other than Base Pay or Bonuses which is designated as commission payments under an Employer's payroll systems.
- 1.12 **"Committee"** shall mean the Compensation and Management Development Committee of the Board.
- 1.13 **"Company"** shall mean Cisco Systems, Inc., a Delaware corporation, and any successor to all or substantially all of the Company's assets or business. With regard to the administration of the Plan, "Company" shall mean the 401(k) Plan Administration Committee (the "401(k) Administration Committee").

**Cisco Systems, Inc.**  
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- 1.14 “**Company Contributions Account**” shall mean (i) the sum of all of a Participant’s Company Matching Amounts, plus (ii) the sum of all Discretionary Company Contributions, plus (iii) amounts credited or debited to the Participant’s Company Contributions Account in accordance with this Plan, less (iv) all distributions made to the Participant or his or her Beneficiary pursuant to this Plan that relate to the Participant’s Company Contributions Account.
- 1.15 “**Company Matching Amount**” shall mean, for any one Plan Year, the amount determined in accordance with Section 3.5.
- 1.16 “**Death Benefit**” shall mean the benefit set forth in Article 7.
- 1.17 “**Deferral Account**” shall mean (i) the sum of all of a Participant’s Annual Deferral Amounts, plus (ii) amounts credited or debited to the Participant’s Deferral Account in accordance with this Plan, less (iii) all distributions made to the Participant or his or her Beneficiary pursuant to this Plan that relate to his or her Deferral Account.
- 1.18 “**Disability**” or “**Disabled**” shall have the meaning set forth in Code Section 409A.
- 1.19 “**Disability Benefit**” shall mean the benefit set forth in Article 6.
- 1.20 “**Discretionary Company Contribution Amount**” shall mean, for any one Plan Year, the amount determined in accordance with Section 3.6.
- 1.21 “**Election Form**” shall mean the form, which may be in electronic format, that a Participant completes in accordance with such procedures established by the Company.
- 1.22 “**Employee**” shall mean a person who is an employee of any Employer.
- 1.23 “**Employer(s)**” shall mean the Company and/or any of its subsidiaries (now in existence or hereafter formed or acquired) that have been selected by the Committee to participate in the Plan and have adopted the Plan as a participating Employer.
- 1.24 “**ERISA**” shall mean the Employee Retirement Income Security Act of 1974, as it may be amended from time to time. The definition of “ERISA” shall also include related guidance, rules and regulations issued by the U.S. Department of Labor thereunder.
- 1.25 “**401(k) Plan**” shall mean, with respect to an Employer, a plan qualified under Code Section 401(a) that contains a cash or deferral arrangement described in Code Section 401(k), adopted by the Employer, as it may be amended from time to time, or any successor thereto.
- 1.26 “**Installment Method**” shall be an installment payment over the number of years selected by the Participant in accordance with this Plan. Such amounts shall be paid in quarterly, semi-annual or annual payments (over a period not to exceed ten (10) years). The amount of each installment shall be calculated by dividing the amount then subject to the installment payment by the number of installments then remaining to be made. The amount subject to installment payments that has not yet been paid shall continue to be credited/debited with additional amounts in accordance



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with Section 3.9. For purposes of this Plan, the right to receive benefit payments in installment payments shall be treated as the entitlement to a single payment.

- 1.27 “**Participant**” shall mean any Employee who is on the United States payroll of an Employer and (i) who is selected to participate in the Plan, (ii) who submits an executed Plan Agreement and Election Form, and (iii) whose Plan Agreement has not terminated.
- 1.28 “**Plan**” shall mean the Cisco Systems, Inc. 2009 Deferred Compensation Plan, which shall be evidenced by this instrument and by each Plan Agreement, as they may be amended from time to time.
- 1.29 “**Plan Agreement**” shall mean a written agreement, as may be amended from time to time, which is entered into by and between an Employer and a Participant. Each Plan Agreement executed by a Participant and the Participant’s Employer shall provide for the entire benefit to which such Participant is entitled under the Plan; should there be more than one Plan Agreement, the Plan Agreement bearing the latest date of acceptance by the Employer shall supersede all previous Plan Agreements in their entirety and shall govern such entitlement. The terms of any Plan Agreement may be different for any Participant, and any Plan Agreement may provide additional benefits not set forth in the Plan or limit the benefits otherwise provided under the Plan; provided, however, that any such additional benefits or benefit limitations must be agreed to by both the Employer and the Participant.
- 1.30 “**Plan Year**” shall mean a period beginning on January 1 of each calendar year and continuing through December 31 of such calendar year.
- 1.31 “**SA Grandfathered Plan**” shall mean the Scientific-Atlanta Executive Deferred Compensation Plan, as amended and restated effective May 15, 2002.
- 1.32 “**SA Post-2004 Plan**” shall mean the Scientific-Atlanta 2005 Executive Deferred Compensation Plan, as amended and restated effective January 1, 2008.
- 1.33 “**Scheduled Distribution**” shall mean the distribution set forth in Section 4.1.
- 1.34 “**Supplement A**” shall mean the supplement to this Plan governing the time and form of payments for participants of the SA Post-2004 Plan, with amounts deferred between January 1, 2005 and December 31, 2008.
- 1.35 “**Supplement B**” shall mean the supplement to this Plan governing the time and form of payments for participants of the SA Grandfathered Plan, with amounts deferred before January 1, 2005.
- 1.36 “**Termination Benefit**” shall mean the benefit set forth in Article 5 which shall be paid following a Participant’s Termination of Employment.
- 1.37 “**Termination of Employment**” shall mean the separation from service with all Employers, voluntarily or involuntarily, for any reason other than Disability or death, as determined in accordance with Code Section 409A. For this purpose, the definition of “service recipient” for

purposes of determining whether a separation from service has occurred for purposes of Code Section 409A shall be determined by utilizing the twenty percent (20%) tests described in section 1.409A-1(h) of the Code Section 409A regulations to the extent permitted under such regulations.

- 1.38 “**Unforeseeable Emergency**” shall mean a severe financial hardship of the Participant or his or her Beneficiary resulting from (i) an illness or accident of the Participant or Beneficiary, the Participant’s or Beneficiary’s spouse, or the Participant’s or Beneficiary’s dependent (as defined in Code Section 152(a)), (ii) a loss of the Participant’s or Beneficiary’s property due to casualty, or (iii) such other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant or the Participant’s Beneficiary.

**ARTICLE 2**  
**Selection, Enrollment, Eligibility**

- 2.1 **Selection by 401(k) Administration Committee.** Participation in the Plan shall be limited to a select group of management or highly compensated Employees. From that group, the 401(k) Administration Committee shall select, in its sole discretion, those individuals who may actually participate in this Plan.

- 2.2 **Enrollment and Eligibility Requirements; Commencement of Participation.** As a condition to participation, each selected Employee who is eligible to participate in the Plan effective as of the first day of a Plan Year shall complete a Plan Agreement and an Election Form, prior to the first day of such Plan Year, or such other earlier deadline as may be established by the Company in its sole discretion. In addition, the Company shall establish from time to time such other enrollment requirements as it determines, in its sole discretion, are necessary.

- (a) Each selected Employee who is eligible to participate in the Plan shall commence participation in the Plan on the date that the Employee has met all enrollment requirements set forth in this Plan and required by the Company, including completing all required documents within the specified time period(s).
- (b) A newly hired Employee who is selected to participate in the Plan who first becomes a Participant after the beginning of a Plan Year must complete a Plan Agreement and an Election Form within thirty (30) days after he or she first becomes eligible to participate in the Plan, or within such other earlier deadline as may be established by the Company, in its sole discretion, in order to participate for that Plan Year. In such event, such person’s participation in this Plan shall not commence earlier than the date determined by the Company pursuant to Section 2.2(a) and such person shall not be permitted to defer under this Plan any portion of his or her Base Salary or Commissions that are paid with respect to services performed prior to his or her participation commencement date, except to the extent permissible under Code Section 409A. Except as otherwise permitted by the Company (and in accordance with Code Section 409A), a Participant described in this Section 2.2(b) shall not be permitted to make a deferral election with respect to Bonuses for the first Plan Year in which he or she is eligible to participate. Subject to the

requirements of Section 409A of the Code, a newly hired Employee who is in a classification of Employees otherwise eligible to participate in the Plan shall be eligible to participate in the Plan as of the first business day of the month following the month which contains the Employee's date of hire.

- (c) A newly eligible Employee who is selected to participate in the Plan as a result of a promotion, or other change in employment status resulting in the individual first being eligible to participate in the Plan after the beginning of a Plan Year, must complete a Plan Agreement and an Election Form within thirty (30) days after he or she first becomes eligible to participate in the Plan, or within such other earlier deadline as may be established by the Company, in its sole discretion, in order to participate for that Plan Year. In such event, such person's participation in this Plan shall not commence earlier than the date determined by the Company pursuant to Section 2.2(a) and such person shall not be permitted to defer under this Plan any portion of his or her Base Salary or Commissions that are paid with respect to services performed prior to his or her participation commencement date, except to the extent permissible under Code Section 409A. Except as otherwise permitted by the Company (and in accordance with Code Section 409A), a Participant described in this Section 2.2(c) shall not be permitted to make a deferral election with respect to Bonuses for the first Plan Year in which he or she is eligible to participate. Subject to the requirements of Section 409A of the Code, Employees described in this Section 2.2(c) shall first become eligible to participate in the Plan as of the first business day of the month following the month in which the later of (i) the corporate action occurs which results in the Employee first becoming eligible to participate in the Plan; and (ii) the effective date of the Employee's promotion or other change in employment status.
- (d) If an Employee fails to meet all requirements contained in this Section 2.2 within the period(s) required, that Employee shall not be eligible to participate in the Plan during such Plan Year.

### ARTICLE 3

#### Deferral Commitments/Company Contribution Amounts/ Company Matching Amounts/ Vesting/Crediting/Taxes

- 3.1 **Annual Deferral Amount.** For each Plan Year, a Participant may elect to defer as his or her Annual Deferral Amount, Base Salary, Bonus and/or Commissions pursuant to such rules as may be established by the Company in accordance with Code Section 409A. For the avoidance of doubt, a Participant may not defer his or her severance payments (if any) under the Plan. Such Annual Deferral Amount may be subject to a minimum deferral amount established by the Company.

**Cisco Systems, Inc.**  
2009 Deferred Compensation Plan

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3.2 **Maximum Deferral.**

- (a) **Annual Deferral Amount.** For each Plan Year, a Participant may elect to defer, as his or her Annual Deferral Amount, Base Salary, Bonus and/or Commissions, pursuant to such rules as may be established by the Company, up to the following maximum percentages for each deferral elected:

<b>Deferral</b>	<b>Maximum Percentage</b>
Base Salary	75%
Bonus	100%
Commissions	100%

- (b) **Short Plan Year.** Notwithstanding the provisions of paragraph (a) above, if a Participant first becomes a Participant after the first day of a Plan Year, the maximum Annual Deferral Amount shall be limited to the amount of compensation not yet earned by the Participant as of the date the Participant submits a Plan Agreement and Election Form, except to the extent permissible under Code Section 409A. Solely to the extent required under Code Section 409A, with respect to compensation that is earned based upon a specified performance period, the Participant's deferral election will apply to the portion of such compensation that is equal to (i) the total amount of compensation for the performance period, multiplied by (ii) a fraction, the numerator of which is the number of days remaining in the performance period after the Participant's deferral election is made, and the denominator of which is the total number of days in the performance period.

3.3 **Election to Defer; Effect of Election Form.**

- (a) **Initial Plan Year.** In connection with a Participant's commencement of participation in the Plan, the Participant shall make an irrevocable deferral election for the Plan Year in which the Participant commences participation in the Plan, along with such other elections as the Company deems necessary or desirable under the Plan. For these elections to be valid, the Election Form must be completed by the Participant, in accordance with Section 2.2 above.
- (b) **General Timing Rule for Deferral Elections in Subsequent Plan Years.** For each succeeding Plan Year, a Participant may elect to defer Base Salary, Bonus and Commissions, and make such other elections as the Company deems necessary or desirable under the Plan by timely completing a new Election Form, in accordance with the Company's rules and procedures, before December 31<sup>st</sup> preceding the Plan Year in which such compensation is earned, or before such other deadline established in accordance with the requirements of Code Section 409A.

Any deferral election(s) made in accordance with this Section 3.3(b) shall be irrevocable; provided, however, that if the Company permits Participants to make deferral elections for "Performance-Based Compensation" (as defined in paragraph (c) below) by the deadline(s) described above, it may, in its sole discretion, and in accordance with Code

## Cisco Systems, Inc.

### 2009 Deferred Compensation Plan

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Section 409A, permit a Participant to subsequently change his or her deferral election for such compensation by submitting an Election Form no later than the deadline established by the Company pursuant to Section 3.3(c) below.

- (c) **Performance-Based Compensation.** Notwithstanding the provisions of paragraph (a) and (b) above, with respect to Bonus compensation that also qualifies as “Performance-Based Compensation,” the Company may, in its sole discretion, permit an irrevocable deferral election pertaining to such Performance-Based Compensation to be made by timely delivering an Election Form to the Company, in accordance with its rules and procedures, no later than six (6) months before the end of the performance service period and in accordance with Code Section 409A. For this purpose, “Performance-Based Compensation” shall be compensation, the payment or amount of which is contingent on pre-established organizational or individual performance criteria, which satisfies the requirements of Code Section 409A.
- (d) **Compensation Subject to Risk of Forfeiture.** With respect to compensation (i) to which a Participant has a legally binding right to payment in a subsequent year, and (ii) that is subject to a forfeiture condition requiring the Participant’s continued services for a period of at least twelve (12) months from the date the Participant obtains the legally binding right, the Company may, in its sole discretion, permit an irrevocable deferral election to be made with respect to such compensation by timely completing an Election Form in accordance with such rules and procedures as the Company may establish no later than the thirtieth (30th) day after the Participant obtains the legally binding right to the compensation, provided that the election is made at least twelve (12) months in advance of the earliest date at which the forfeiture condition could lapse.
- 3.4 **Withholding and Crediting of Annual Deferral Amounts.** For each Plan Year, the Base Salary portion of the Annual Deferral Amount shall be withheld from each regularly scheduled Base Salary payroll in equal amounts, as adjusted from time to time for increases and decreases in Base Salary. The Bonus and Commissions portion of the Annual Deferral Amount shall be withheld at the time the Bonus and Commissions would be paid to the Participant, whether or not this occurs during the Plan Year itself. Annual Deferral Amounts shall be credited to a Participant’s Deferral Account.
- 3.5 **Company Matching Amount.** A Participant’s Company Matching Amount (if any) for any Plan Year shall be an amount determined by the Committee, in its sole discretion, based on the amount of deferrals to this Plan and credited to a Participant. The amount (if any) credited to a Participant under this Plan for any Plan Year may be smaller or larger than the amount credited to any other Participant.
- 3.6 **Discretionary Company Contribution Amount.** A Participant’s Discretionary Company Contribution Amount (if any) for any Plan Year shall be an amount determined by the Committee, in its sole discretion and credited to a Participant. The amount (if any) credited to a Participant under this Plan for any Plan Year may be smaller or larger than the amount credited to any other Participant.

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- 3.7 **Crediting of Amounts after Benefit Distribution.** Notwithstanding any provision in this Plan to the contrary, should the complete distribution of a Participant's vested Account Balance occur prior to the date on which any portion of (i) the Annual Deferral Amount that a Participant has elected to defer in accordance with Section 3.3, (ii) the Company Matching Amount (if any) or (iii) the Discretionary Company Contribution Amount (if any), would otherwise be credited to the Participant's Account Balance, such amounts shall not be credited to the Participant's Account Balance, but shall be paid to the Participant.
- 3.8 **Vesting.** A Participant shall at all times be one hundred percent (100%) vested in his or her Account Balance unless otherwise specified in the Participant's Plan Agreement, employment agreement or any other agreement entered into between the Participant and his or her Employer, or specified at the time the Committee determines to make a Company Matching Amount or a Discretionary Company Contribution Amount pursuant to Sections 3.5 and 3.6.
- 3.9 **Crediting/Debiting of Account Balances.** In accordance with, and subject to, the rules and procedures that are established from time to time by the Company, amounts shall be credited or debited to a Participant's Account Balance in accordance with the following rules:
- (a) **Measurement Funds.** The Participant may elect one or more of the measurement funds selected by the Company, (the "Measurement Funds") for the purpose of crediting or debiting additional amounts to his or her Account Balance. As necessary, the Company may, in its sole discretion, discontinue, substitute or add a Measurement Fund.
  - (b) **Election of Measurement Funds.** A Participant, in connection with his or her initial deferral election in accordance with Section 3.3(a) above, shall elect, on the Election Form, one or more Measurement Fund(s) (as described in Section 3.9(a) above) to be used to determine the amounts to be credited or debited to his or her Account Balance. If a Participant does not elect any of the Measurement Funds as described in the previous sentence, the Participant's Account Balance shall be allocated into the Measurement Fund(s), as determined by the Company, in its sole discretion. The Participant may (but is not required to) elect, by completing an Election Form in accordance with such rules and procedures established by the Company, to add or delete one or more Measurement Fund(s) to be used to determine the amounts to be credited or debited to his or her Account Balance, or to change the portion of his or her Account Balance allocated to each previously or newly elected Measurement Fund. If an election is made in accordance with the previous sentence, it shall apply as of the first business day deemed reasonably practicable by the Company, in its sole discretion, and shall continue thereafter for each subsequent day in which the Participant participates in the Plan, unless changed in accordance with the previous sentence. Notwithstanding the foregoing, the Company, in its sole discretion, may impose limitations on the frequency with which one or more of the Measurement Funds elected in accordance with this Section may be added or deleted by such Participant; furthermore, the Company, in its sole discretion, may impose limitations on the frequency with which the Participant may change the portion of his or her Account Balance allocated to each previously or newly elected Measurement Fund.

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- (c) **Proportionate Allocation**. In making any election described in Section 3.9(b) above, the Participant shall specify on the Election Form, in increments of one percent (1%), the percentage of his or her Account Balance or Measurement Fund, as applicable, to be allocated/reallocated.
- (d) **Crediting or Debiting Method**. The performance of each Measurement Fund (either positive or negative) will be determined on a daily basis based on the manner in which such Participant's Account Balance has been hypothetically allocated among the Measurement Funds by the Participant.
- (e) **No Actual Investment**. Notwithstanding any other provision of this Plan that may be interpreted to the contrary, the Measurement Funds are to be used for measurement purposes only, and a Participant's election of any such Measurement Fund, the allocation of his or her Account Balance thereto, the calculation of additional amounts and the crediting or debiting of such amounts to a Participant's Account Balance shall not be considered or construed in any manner as an actual investment of his or her Account Balance in any such Measurement Fund. In the event that the *Company* in its own discretion decides to invest funds in any or all of the investments on which the Measurement Funds are based, no Participant shall have any rights in or to such investments themselves. Without limiting the foregoing, a Participant's Account Balance shall at all times be a bookkeeping entry only and shall not represent any investment made on his or her behalf by the Company; the Participant shall at all times remain an unsecured creditor of the Company.
- (f) **Trailing Dividends**. In the event that notional dividends are credited after an account has otherwise been fully distributed, if such dividends are attributable to periods on or prior to the valuation date(s) for such distribution (as determined by the Company, in its sole discretion) but are not included in the Participant's distribution(s), the Participant shall be entitled to receive such dividends and they shall be paid in accordance with the procedures established by the Company no later than the time permitted by Treasury Regulation Section 1.409A-3(d); provided, however, that Participants shall not be entitled to any amounts that cannot be paid in accordance with such procedures by such deadline.

3.10 **FICA and Other Taxes**.

- (a) **Annual Deferrals, Company Matching Amounts and Discretionary Company Contribution Amounts**. For each Plan Year in which an Annual Deferral Amount is being withheld from a Participant or the amount of any Company Matching Amount or Company Discretionary Contribution Amount credited to a Participant's Company Contributions Account becomes vested, the Participant's Employer(s) shall withhold from that portion of the Participant's Base Salary, Bonus and/or Commissions, that is not being deferred, in a manner determined by the Employer(s), the Participant's share of FICA and other employment taxes on such Annual Deferral Amount, Company Matching Amount and Discretionary Company Contribution Amount. If necessary, the Participant's Annual Deferral Amount or the Participant's Company Contributions

Account, as applicable, may be reduced to pay such taxes (and associated income tax withholdings) in accordance with Code Section 409A.

- (b) **Distributions**. The Participant's Employer(s) shall withhold from any payments made to a Participant under this Plan (including payments, if any, made pursuant to Section 14.16) all federal, state and local income, employment and other taxes required to be withheld by the Employer(s) in connection with such payments, in amounts and in a manner to be determined in the sole discretion of the Employer(s).
- (c) **Income Inclusion Under Code Section 409A**. In the event that any portion of a Participant's Account is required to be included in income by the Participant prior to receipt of any distribution under this Plan resulting from a violation of the requirements of Code Section 409A, the Participant's Employer shall withhold from such Participant all federal, state and local income, employment and other taxes required to be withheld by the Employer in connection with such income inclusion in amounts and in a manner determined in the sole discretion of the Employer.

#### ARTICLE 4

##### **Scheduled Distribution; Unforeseeable Emergencies**

- 4.1 **Scheduled Distribution**. At the same time that a Participant makes each election to defer an Annual Deferral Amount, the Participant may elect to receive a Scheduled Distribution, in the form of a lump sum payment, from the Plan with respect to all or a portion of the Annual Deferral Amount. The Scheduled Distribution shall be a lump sum payment in an amount that is equal to the portion of the Annual Deferral Amount the Participant elected to have distributed as a Scheduled Distribution, plus amounts credited or debited in the manner provided in Section 3.9 above on that amount, calculated as of the date on or around January 1 of the calendar year in which the Scheduled Distribution becomes payable in accordance with the procedures established by the Company. Subject to the other terms and conditions of this Plan, the Benefit Distribution Date for each Scheduled Distribution elected shall be the date in January of the Plan Year designated by the Participant determined in accordance with the procedures established by the Company. The Plan Year designated by the Participant must be at least two (2) Plan Years after the end of the Plan Year to which the Participant's deferral election described in Section 3.3 relates, unless otherwise provided on an Election Form approved by the Company in its sole discretion. By way of example, if a Scheduled Distribution is elected for Annual Deferral Amounts that are earned in the Plan Year commencing January 1, 2013, the earliest Scheduled Distribution Date that may be designated by a Participant would be in January 2012. In connection with any Company Matching Amount or Discretionary Company Contribution made with respect to any Plan Year, any election made by a Participant pursuant to this Section should also apply to these amounts. Notwithstanding the foregoing sentence, the Company may establish other procedures, consistent with Code Section 409A, for distribution elections pertaining to Company Matching Amounts and Discretionary Company Contribution Amounts.
- 4.2 **Postponing Scheduled Distributions**. A Participant may elect to postpone a Scheduled Distribution described in Section 4.1 above, and have such amount paid out on an allowable



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alternative distribution date designated by the Participant in accordance with this Section 4.2. In order to make this election, the Participant must complete a new Scheduled Distribution Election Form in accordance with such rules and procedures as the Company may establish and in accordance with the following criteria:

- (a) Such Scheduled Distribution Election Form must be completed at least twelve (12) months prior to the Participant's previously designated Scheduled Distribution Date;
- (b) The new Scheduled Distribution Date selected by the Participant must be at least five years after the previously designated Scheduled Distribution Date; and
- (c) The election of the new Scheduled Distribution Date shall have no effect until at least twelve (12) months after the date on which the election is made.

4.3 **Other Benefits Take Precedence Over Scheduled Distributions.** Should a Benefit Distribution Date occur that triggers a benefit under Articles 5, 6 or 7, any amount that is subject to a Scheduled Distribution election under Section 4.1 shall not be paid in accordance with Section 4.1, but shall be paid in accordance with the other applicable Article. Notwithstanding the foregoing, this Section 4.3 shall be interpreted in a manner that is consistent with Code Section 409A.

4.4 **Scheduled Distributions and Former Scientific-Atlanta Participants.** Notwithstanding the foregoing, the time and form of payment of a scheduled distribution to a Participant in the SA Post-2004 Plan and/or SA Grandfathered Plan shall be determined in accordance with Supplements A and B, respectively.

4.5 **Unforeseeable Emergencies.**

- (a) If the Participant experiences an Unforeseeable Emergency, the Participant may petition the Company to receive a partial or full payout from the Plan, subject to the provisions set forth below.
- (b) The payout, if any, from the Plan shall not exceed the lesser of (i) the Participant's vested Account Balance, calculated as of the close of business on or around the date on which the amount becomes payable, or (ii) the amount necessary to satisfy the Unforeseeable Emergency, plus amounts necessary to pay Federal, state, or local income taxes or penalties reasonably anticipated as a result of the distribution. Notwithstanding the foregoing, a Participant may not receive a payout from the Plan to the extent that the Unforeseeable Emergency would not be consistent with Code Section 409A.
- (c) If a Participant's petition for payout from the Plan is approved, the Participant's Benefit Distribution Date shall occur within thirty (30) days after the beginning of the calendar quarter following the date of such approval (or at such later time permitted under Code Section 409A) and the Participant's deferrals under the Plan shall be terminated as of the date of such approval.

- (d) In addition, a Participant's deferral elections under this Plan shall be terminated to the extent the Company determines, in its sole discretion, that termination of such Participant's deferral elections is required pursuant to Treas. Reg. §1.401(k)-1(d)(3) for the Participant to obtain a hardship distribution from an Employer's 401(k) Plan. If the Company determines, in its sole discretion, that a termination of the Participant's deferrals is required in accordance with the preceding sentence, the Participant's deferrals shall be terminated following the date on which such determination is made.

**ARTICLE 5**  
**Termination Benefit**

- 5.1 **Termination Benefit.** A Participant who incurs a Termination of Employment shall receive, as a Termination Benefit of his or her entire vested Account Balance calculated as of the close of business on or around the Participant's Benefit Distribution Date(s), in accordance with the provisions set forth in Section 5.2.
- 5.2 **Payment of Termination Benefit.**
- (a) At the same time that a Participant makes each election to defer an Annual Deferral Amount, the Participant may elect to receive the Termination Benefit in a lump sum or pursuant to an Installment Method of up to ten (10) years. Participant shall elect a Benefit Distribution Date consistent with Section 5.2(b). In connection with any Company Matching Amount or Discretionary Company Contribution made with respect to any Plan Year, any election made by a Participant pursuant to this Section 5.2 shall also apply to these amounts. Notwithstanding the foregoing sentence, the Company may establish other procedures, consistent with Code Section 409A, for distribution elections pertaining to Company Matching Amounts and Discretionary Company Contribution Amounts. If a Participant does not make any election with respect to the payment of the Termination Benefit, then such Participant shall be deemed to have elected to receive the Termination Benefit in a lump sum on the Benefit Distribution Date described in Section 5.2(b)
- (i).
- (b) Effective as of February 1, 2021, the following Benefit Distribution Dates may be selected by a Participant at the time he or she makes the Participant's election described in Section 5.2(a):
- (i) Within thirty (30) days after the beginning of the first calendar quarter that is at least six (6) months after the Participant's Termination of Employment;
- (ii) Within thirty (30) days after the beginning of the first calendar year that is at least six (6) months after the Participant's Termination of Employment;
- (iii) Within thirty (30) days after the beginning of the first calendar quarter next following the first, second, third, fourth or fifth anniversary of the Participant's Termination of Employment, as elected by the Participant; or

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- (iv) Within thirty (30) days after the beginning of the first calendar year next following the first, second, third, fourth or fifth anniversary of the Participant's Termination of Employment, as elected by the Participant.
- (c) Effective April 1, 2017, a Participant may elect to change the time and form of distribution elected pursuant to Sections 5.2(a) and/or Section 5.2(b), and have the Termination Benefit paid out on an allowable alternative time and form of distribution designated by the Participant in accordance with this Section 5.2(c). In order to make this election, the Participant must complete a new Termination Benefit Election Form in accordance with such rules and procedures as the Company may establish and in accordance with the following criteria:
  - (i) To the extent required to comply with Code Section 409A, such Termination Benefit Election Form must be completed at least twelve (12) months prior to the date the Termination Benefit is scheduled to be paid (or commence to be paid);
  - (ii) The new election must provide for the Termination Benefit to be paid (or commence to be paid) be at least five years after the date the Termination Benefit is scheduled to be paid (or commence to be paid); and
  - (iii) The new election shall have no effect until at least twelve (12) months after the date on which the election is made.
- (d) Notwithstanding any other provision to the contrary, with respect to deferral elections made prior to April 1, 2017, if the Participant has not attained age forty (40) with five (5) years of service on the date of his or her Termination of Employment, the Termination Benefit subject to the annual election shall be paid in a single sum on the Benefit Distribution Date elected for such purposes; provided, however, that the Participant may not elect the Benefit Distribution Date described in Section 5.2(b)(iii) for this purpose. For purposes of this Section 5.2(c), "years of service" shall be determined in the same manner as "vesting service" is determined under the Cisco Systems, Inc. 401(k) Plan.
- (e) Notwithstanding anything in this Section 5.2 to the contrary, if the Participant's vested Account Balance on the date of his or her Termination of Employment is less than \$100,000, then the distribution elections described in Sections 5.2(a) through 5.2(d) above shall be disregarded and the Participant's entire vested Account Balance shall be paid in a lump sum distribution on the Benefit Distribution Date described in Section 5.2(b)(i), above.

- 5.3 **Payment of Termination Benefit to Former Scientific-Atlanta Participants.** Notwithstanding the foregoing, the time and form of payment of the termination benefit to a Participant in the SA Post-2004 Plan and/or SA Grandfathered Plan shall be determined in accordance with Supplements A and B, respectively.

**ARTICLE 6**  
**Disability Benefit**

- 6.1 **Disability Benefit.** Upon a Participant's Disability, the Participant shall receive a Disability Benefit which shall be equal to the Participant's entire vested Account Balance, calculated as of the Participant's Benefit Distribution Date.

6.2 **Payment of Disability Benefit.**

- (a) A Participant, in connection with his or her commencement of participation in the Plan (or more frequently as the Company may prescribe), shall elect on an Election Form to receive the Disability Benefit in a lump sum or pursuant to an Installment Method of up to ten (10) years in accordance with such rules and procedures as the Company may establish. If a Participant does not make any election with respect to the payment of the Disability Benefit, then such Participant shall be deemed to have elected to receive the Disability Benefit in a lump sum. For this purpose, a Participant's Benefit Distribution Date shall be within thirty (30) days, after the beginning of the calendar quarter following the Participant's Disability.
- (b) A Participant may change the form of payment of the Disability Benefit by completing an Election Form in accordance with such rules and procedures established by the Company provided that the election to modify the Disability Benefit shall have no effect until at least twelve (12) months after the date on which the election is made.

All provisions relating to changing the Disability Benefit election under this Section 6.2 shall be interpreted in a manner that is consistent with Code Section 409A.

- (c) The lump sum payment shall be made, or installment payments shall commence on the Participant's Benefit Distribution Date (or such later time permitted under Code Section 409A).
- (d) Notwithstanding anything in this Article to the contrary, if a Participant's vested Account Balance is less than \$100,000 on the date the Participant is determined to be Disabled, then the Participant shall receive payment of his or her entire vested Account Balance within thirty (30) days after the beginning of the calendar quarter following the Participant's Disability.
- 6.3 **Payment of Disability Benefit to Former Scientific-Atlanta Participants.** Notwithstanding the foregoing, the time and form of payment of the disability benefit to a Participant in the SA Post-2004 Plan and/or SA Grandfathered Plan shall be determined in accordance with Supplements A and B, respectively.

**ARTICLE 7**  
**Death Benefit**

- 7.1 **Death Benefit.** The Participant's Beneficiary(ies) shall receive a Death Benefit upon the Participant's death which will be equal to the Participant's entire vested Account Balance, calculated as of the close of business as of the Participant's Benefit Distribution Date, which, for this purpose, shall be within thirty (30) days following the beginning of the second calendar quarter following the Participant's death.
- 7.2 **Payment of Death Benefit.** The Death Benefit shall be paid to the Participant's Beneficiary(ies) in a lump sum payment on the Participant's Benefit Distribution Date (or such later time permitted under Code Section 409A).
- 7.3 **Payment of Death Benefit to Former Scientific-Atlanta Participants.** Notwithstanding the foregoing, the time and form of payment of the death benefit to a Participant in the SA Post-2004 Plan and/or SA Grandfathered Plan shall be determined in accordance with Supplements A and B, respectively.

**ARTICLE 8**  
**Beneficiary Designation**

- 8.1 **Beneficiary.** Each Participant shall have the right, at any time, to designate his or her Beneficiary(ies) (both primary as well as contingent) to receive any benefits payable under the Plan to a beneficiary upon the death of a Participant under such rules as shall be established by the Company. The Beneficiary designated under this Plan may be the same as or different from the Beneficiary designation under any other plan of an Employer in which the Participant participates.
- 8.2 **Beneficiary Designation; Change; Spousal Consent.** A Participant shall designate his or her Beneficiary by completing the Beneficiary Designation Form, and returning it to the Company or its designated agent in accordance with such rules and procedures established by the Company. A Participant shall have the right to change a Beneficiary by completing and otherwise complying with the terms of the Beneficiary Designation Form and the Company's rules and procedures, as in effect from time to time. If the Participant names someone other than his or her spouse as a Beneficiary, the Company may, in its sole discretion, determine that spousal consent is required to be provided in a form designated by the Company, executed by such Participant's spouse and returned to the Company or its designated agent. Upon the proper completion of a new Beneficiary Designation Form, all Beneficiary designations previously filed shall be canceled and the Company shall be entitled to rely on the last Beneficiary Designation Form completed by the Participant in accordance with the applicable rules and procedures adopted with respect to the filing of such forms prior to his or her death.
- 8.3 **Acknowledgment.** No designation or change in designation of a Beneficiary shall be effective until completed and submitted in accordance with the rules and procedures established by the Company for this purpose.

- 8.4 **No Beneficiary Designation.** If a Participant fails to designate a Beneficiary as provided in Sections 8.1, 8.2 and 8.3 above or, if all designated Beneficiaries predecease the Participant or die prior to complete distribution of the Participant's benefits, then the Participant's designated Beneficiary shall be deemed to be his or her surviving spouse. If the Participant has no surviving spouse, the benefits remaining under the Plan to be paid to a Beneficiary shall be payable to the executor or personal representative of the Participant's estate.
- 8.5 **Doubt as to Beneficiary.** If there is any doubt as to the proper Beneficiary to receive payments pursuant to this Plan, the Committee shall have the right, exercisable in its discretion, to cause the Participant's Employer to withhold such payments until this matter is resolved to the Committee's satisfaction.
- 8.6 **Discharge of Obligations.** The payment of benefits under the Plan to a Beneficiary shall fully and completely discharge all Employers and the Company from all further obligations under this Plan with respect to the Participant, and that Participant's Plan Agreement shall terminate upon such full payment of benefits.

**ARTICLE 9**  
**Leave of Absence**

- 9.1 **Paid Leave of Absence.** If a Participant is authorized by the Participant's Employer to take a paid leave of absence from the employment of the Employer, and such leave of absence does not constitute a separation from service in accordance with Code Section 409A, (i) the Participant shall continue to be considered eligible for the benefits provided in Articles 4, 5, 6 or 7 in accordance with the provisions of those Articles, and (ii) the Annual Deferral Amount shall continue to be withheld from his or her Base Salary, Bonuses and Commissions during such paid leave of absence in accordance with Section 3.3.
- 9.2 **Unpaid Leave of Absence.** If a Participant is authorized by the Participant's Employer to take an unpaid leave of absence from the employment of the Employer for any reason, and such leave of absence does not constitute a separation from service in accordance with Code Section 409A, such Participant shall continue to be eligible for the benefits provided in Articles 4, 5, 6 or 7 in accordance with the provisions of those Articles. The Participant shall continue his or her deferrals with respect to amounts earned prior to the commencement of the unpaid leave of absence. When the Participant returns to employment, the Participant's deferrals with respect to amounts earned after his or her return to active employment shall continue in accordance with the applicable election(s) submitted for that Plan Year. In addition, Participants who are on an unpaid leave may elect to defer an Annual Deferral Amount for the Plan Year following his or her return to employment and for every Plan Year thereafter while a Participant in the Plan, provided such deferral elections are otherwise allowed and an Election Form is completed in accordance with the rules and procedures established for each such election in accordance with Article 3 above.
- 9.3 **Leaves Resulting in Separation From Service.** In the event that a Participant's leave of absence from his or her Employer constitutes a separation from service in accordance with Code

Section 409A, the Participant's vested Account Balance shall be distributed to the Participant in accordance with Article 5 or 6 of this Plan, as applicable.

**ARTICLE 10**  
**Termination of Plan, Amendment or Modification**

- 10.1 **Termination of Plan.** Although each Employer anticipates that it will continue the Plan for an indefinite period of time, there is no guarantee that any Employer will continue the Plan or will not terminate its participation in the Plan at any time in the future. Accordingly, each Employer reserves the right to terminate its participation in the Plan. In addition, the Committee retains the right to terminate the Plan at any time. In the event of the termination of an Employer's participation in the Plan (or the Committee's termination of the Plan as a whole), the termination shall occur in a manner consistent with the requirements of Code Section 409A.
- 10.2 **Amendment.** The Committee may, at any time, amend or modify the Plan in whole or in part.
- 10.3 **Effect of Payment.** The full payment of the Participant's vested Account Balance under the Plan shall fully and completely discharge all Employers and the Company from all further obligations under this Plan with respect to the Participant and his or her Beneficiaries, and that Participant's Plan Agreement shall terminate upon such full payment of benefits.

**ARTICLE 11**  
**Administration**

- 11.1 **Duties.** The 401(k) Administration Committee shall have the discretion and authority to (i) make, amend, interpret, and enforce all appropriate rules and regulations for the administration of this Plan, and (ii) decide or resolve any and all questions, including benefit entitlement determinations (including but not limited to the 401(k) Administrative Committee's authority to determine whether a Participant qualifies for a distribution on account of Disability or an Unforeseeable Emergency) and interpretations of this Plan, as may arise in connection with the Plan. When making a determination or calculation, the 401(k) Administration Committee shall be entitled to rely on information furnished by a Participant or the Company. The 401(k) Administration Committee may delegate some or all of its powers and authority under this Plan.
- 11.2 **Agents.** In the administration of this Plan, the 401(k) Administration Committee may, from time to time, employ agents and delegate to them such administrative duties as it sees fit (including acting through a duly appointed representative) and may from time to time consult with counsel.
- 11.3 **Binding Effect of Decisions.** The decision or action of the 401(k) Administration Committee with respect to any question arising out of or in connection with the administration, interpretation and application of the Plan and the rules and regulations promulgated hereunder shall be final and conclusive and binding upon all persons having any interest in the Plan.
- 11.4 **Indemnity of Committee.** To the maximum extent permitted by applicable law, each member of the 401(k) Administration Committee, the Committee, and the Board, shall be indemnified

and held harmless by the Company against and from (i) any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by him or her in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action taken or failure to act under the Plan, and (ii) from any and all amounts paid by him or her in settlement thereof, with the Company's approval, or paid by him or her in satisfaction of any judgment in any such claim, action, suit, or proceeding against him or her, provided he or she shall give the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled under the Company's Articles of Incorporation or Bylaws, by contract, as a matter of law, or otherwise, or under any power that the Company may have to indemnify them or hold them harmless.

- 11.5 **Employer Information.** To enable the 401(k) Administration Committee to perform its functions, the Company and each Employer shall supply full and timely information on all matters relating to the Plan, the Participants and their Beneficiaries, the Account Balances of the Participants, the compensation of its Participants, the date and circumstances of the Disability, death or Termination of Employment of its Participants, and such other pertinent information as may be reasonably required.

#### **ARTICLE 12**

##### **Other Benefits and Agreements**

- 12.1 **Coordination with Other Benefits.** The benefits provided for a Participant and Participant's Beneficiary under the Plan are in addition to any other benefits available to such Participant under any other plan or program for employees of the Participant's Employer. The Plan shall supplement and shall not supersede, modify or amend any other such plan or program except as may otherwise be expressly provided.

#### **ARTICLE 13**

##### **Claims Procedures**

- 13.1 **Presentation of Claim.** Any Participant or Beneficiary of a deceased Participant (such Participant or Beneficiary being referred to below as a "Claimant") may deliver to the Company a written claim for a determination with respect to the amounts distributable to such Claimant from the Plan. All other claims must be made within one hundred eighty (180) days of the date on which the event that caused the claim to arise occurred. The claim must state with particularity the determination desired by the Claimant.
- 13.2 **Notification of Decision.** The Company shall consider a Claimant's claim within a reasonable time, but no later than ninety (90) days (forty-five (45) days in the case of a Disability determination) after receiving the claim. If the Company determines that special circumstances require an extension of time for processing the claim, written notice of the extension shall be furnished to the Claimant prior to the termination of the initial ninety (90) or forty-five (45) day



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period, as applicable. In no event shall an extension for claims (other than Disability claims) exceed a period of ninety (90) days from the end of the initial period. For Disability claims, the Company may extend the initial period to consider the claim by up to two extensions of thirty (30) days. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Company expects to render the benefit determination. The Company shall notify the Claimant in writing:

- (a) that the Claimant's requested determination has been made, and that the claim has been allowed in full; or
- (b) that the Company has reached a conclusion contrary, in whole or in part, to the Claimant's requested determination, and such notice must set forth in a manner calculated to be understood by the Claimant (for Disability claims in a culturally and linguistically appropriate manner):
  - (i) the specific reason(s) for the denial of the claim, or any part of it;
  - (ii) specific reference(s) to pertinent provisions of the Plan upon which such denial was based;
  - (iii) a description of any additional material or information necessary for the Claimant to perfect the claim, and an explanation of why such material or information is necessary;
  - (iv) an explanation of the claim review procedure set forth in Section 13.3 below;
  - (v) a statement of the Claimant's right to bring a civil action under ERISA Section 502(a) following an adverse benefit determination on review; and
  - (vi) for Disability claims only:
    - a) a copy of any internal rules, guidelines, protocols or other similar criteria relied on in making the adverse determination and a statement that such criteria will be provided without charge upon request;
    - b) an explanation of the Company's basis for agreeing or disagreeing with the following, if applicable:
      - (1) The views of the physician or medical practitioner treating the Participant and vocational professionals who evaluated the Participant;
      - (2) The views of medical or vocational experts whose advice was obtained by the Company, without regard to whether the advice was relied upon in deciding the claim; or

- (3) A disability determination made by the Social Security Administration regarding the Participant.

13.3 **Review of a Denied Claim.** On or before sixty (60) days (or one hundred eighty (180) days for a Disability claim) after receiving a notice from the Company that a claim has been denied, in whole or in part, a Claimant (or the Claimant's duly authorized representative) may file with the 401(k) Administration Committee a written request for a review of the denial of the claim. The Claimant (or the Claimant's duly authorized representative):

- (a) may, upon request and free of charge, have reasonable access to, and copies of, all documents, records and other information relevant (as defined in applicable ERISA regulations) to the claim for benefits;
- (b) may submit written comments or other documents; and/or
- (c) may request a hearing, which the Company, in its sole discretion, may grant.

13.4 **Decision on Review.** The 401(k) Administration Committee shall render its decision on review promptly, and no later than sixty (60) days (forty-five (45) days in the case of a Disability determination) after the Company receives the Claimant's written request for a review of the denial of the claim. If the Company determines that special circumstances require an extension of time for processing the claim, written notice of the extension shall be furnished to the Claimant prior to the termination of the initial sixty (60) or forty-five (45) day period, as applicable. In no event shall such extension (other than extensions of Disability determinations) exceed a period of sixty (60) days from the end of the initial period. For appeals relating to Disability determinations, the Company may extend the initial period to process the appeal by an additional forty-five (45) days. All extensions shall indicate the special circumstances requiring an extension of time and the date by which the 401(k) Administration Committee expects to render the benefit determination. In rendering its decision, the the 401(k) Administration Committee shall take into account all comments, documents, records and other information submitted by the Claimant relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination.

If a Disability claim was denied based on medical judgment, the Company must consult with a health care professional with an appropriate level of training and expertise in the field of medicine involved, and such professional may not be the same professional who was consulted with respect to the claim denial.

For Disability claims only, the Claimant will receive, free of charge, any new or additional evidence considered, relied upon or generated by the Company in connection with the review of an appeal, and any new or additional rationale the 401(k) Administration Committee intends to rely upon in deciding the appeal, sufficiently in advance of the final decision on the appeal to allow the Claimant an opportunity to respond prior to the 401(k) Administration Committee's decision.

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The decision must be written in a manner calculated to be understood by the Claimant (for Disability claims in a culturally and linguistically appropriate manner), and it must contain:

- (a) specific reasons for the decision;
- (b) specific reference(s) to the pertinent Plan provisions upon which the decision was based;
- (c) a statement that the Claimant is entitled to receive, upon request and free of charge, reasonable access to and copies of, all documents, records and other information relevant (as defined in applicable ERISA regulations) to the Claimant's claim for benefits;
- (d) a statement of the Claimant's right to bring a civil action under ERISA Section 502(a);
- (e) for Disability claims only:
  - (i) a copy of any internal rules, guidelines, protocols or other similar criteria relied on in making the adverse determination and a statement that such criteria will be provided without charge upon request;
  - (ii) an explanation of the 401(k) Administration Committee's basis for agreeing or disagreeing with the following, if applicable:
    - a) The views of the physician or medical practitioner treating the Participant and vocational professionals who evaluated the Participant;
    - b) The views of medical or vocational experts whose advice was obtained by the Company, without regard to whether the advice was relied upon in deciding the claim; or
    - c) A disability determination made by the Social Security Administration regarding the Participant.

13.5 **Legal Action.** A Claimant's compliance with the foregoing provisions of this Article 13 is a mandatory prerequisite to a Claimant's right to commence any legal action with respect to any claim for benefits under this Plan.

### **ARTICLE 14** **Miscellaneous**

14.1 **Status of Plan.** The Plan is intended to be a plan that is not qualified within the meaning of Code Section 401(a) and that "is unfunded and is maintained by an employer primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees" within the meaning of ERISA Sections 201(2), 301(a)(3) and 401(a)(1). The Plan shall be administered and interpreted (i) in a manner consistent with that intent, and (ii) in accordance with Code Section 409A.

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2009 Deferred Compensation Plan

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- 14.2 **Unsecured General Creditor.** Participants and their Beneficiaries, heirs, successors and assigns shall have no legal or equitable rights, interests or claims in any property or assets of an Employer. For purposes of the payment of benefits under this Plan, any and all of an Employer's assets shall be, and remain, the general, unpledged unrestricted assets of the Employer. An Employer's obligation under the Plan shall be merely that of an unfunded and unsecured promise to pay money in the future.
- 14.3 **Employer's Liability.** An Employer's liability for the payment of benefits shall be defined only by the Plan and the Plan Agreement, as entered into between the Employer and a Participant. An Employer shall have no obligation to a Participant under the Plan except as expressly provided in the Plan and his or her Plan Agreement.
- 14.4 **Nonassignability.** Neither a Participant nor any other person shall have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, transfer, hypothecate, alienate or convey in advance of actual receipt, the amounts, if any, payable hereunder, or any part thereof, which are, and all rights to which are expressly declared to be, unassignable and non-transferable. No part of the amounts payable shall, prior to actual payment, be subject to seizure, attachment, garnishment or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by a Participant or any other person, be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency or be transferable to a spouse as a result of a property settlement or otherwise. Notwithstanding anything in this Plan to the contrary, the Company may establish procedures for the payment of all or a portion of a Participant's Account balance pursuant to a domestic relations order which would otherwise qualify a "qualified domestic relations order" under Code Section 414(p) if this Plan were qualified under Code Section 401(a).
- 14.5 **Not a Contract of Employment.** The terms and conditions of this Plan shall not be deemed to constitute a contract of employment between any Employer and the Participant. Such employment is hereby acknowledged to be "at-will", meaning that it is not for any specified period of time and can be terminated by the Participant or his or her Employer at any time, with or without advance notice, and for any or no particular reason or cause. Nothing in this Plan shall be deemed to give a Participant the right to be retained in the service of any Employer or to interfere with the right of any Employer to discipline or discharge the Participant at any time.
- 14.6 **Furnishing Information.** A Participant or his or her Beneficiary will cooperate with the Company, Employer and/or the 401(k) Administration Committee (as applicable) by furnishing any and all information requested, and take such other actions as may be requested, in order to facilitate the administration of the Plan and the payments of benefits hereunder.
- 14.7 **Terms.** Whenever any words are used herein in the masculine, they shall be construed as though they were in the feminine in all cases where they would so apply; and whenever any words are used herein in the singular or in the plural, they shall be construed as though they were used in the plural or the singular, as the case may be, in all cases where they would so apply.
- 14.8 **Captions.** The captions of the articles, sections and paragraphs of this Plan are for convenience only and shall not control or affect the meaning or construction of any of its provisions.

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14.9 **Governing Law.** Subject to ERISA, the provisions of this Plan shall be construed and interpreted according to the internal laws of the State of California without regard to its conflicts of laws principles.

14.10 **Notice.** Any notice or filing required or permitted under this Plan shall be sufficient if in writing and hand-delivered, or sent by registered or certified mail or overnight delivery service, to the address below:

Cisco Systems, Inc.  
Attn: Cisco Systems, Inc. 2009 Deferred Compensation  
Plan Administrator  
170 West Tasman Drive  
San Jose, CA 95134

Such notice shall be deemed given as of the date of delivery or, if delivery is made by mail, or overnight delivery service as of the date shown on the postmark on the receipt for registration or certification.

Any notice or filing required or permitted to be given to a Participant under this Plan shall be sufficient if in writing and hand-delivered, or sent by mail or overnight delivery service, to the last known address of the Participant.

14.11 **Successors.** The provisions of this Plan shall bind and inure to the benefit of the Participant's Employer and its successors and assigns and the Participant and the Participant's designated Beneficiaries.

14.12 **Spouse's Interest.** The interest in the benefits hereunder of a spouse of a Participant who has predeceased the Participant shall automatically pass to the Participant and shall not be transferable by such spouse in any manner, including but not limited to such spouse's will, nor shall such interest pass under the laws of intestate succession.

14.13 **Validity.** In case any provision of this Plan shall be illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts hereof, but this Plan shall be construed and enforced as if such illegal or invalid provision had never been inserted herein.

14.14 **Incompetent.** If the Company determines in its discretion that a benefit under this Plan is to be paid to a minor, a person declared incompetent or to a person incapable of handling the disposition of that person's property, the 401(k) Administration Committee may direct payment of such benefit to the guardian, legal representative or person having the care and custody of such minor, incompetent or incapable person. The Company may require proof of minority, incompetence, incapacity or guardianship, as it may deem appropriate prior to distribution of the benefit. Any payment of a benefit shall be a payment for the account of the Participant and the Participant's Beneficiary, as the case may be, and shall be a complete discharge of any liability under the Plan for such payment amount.

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- 14.15. **Court Order.** The Company is authorized to comply with any court order in any action in which the Plan or the Company has been named as a party, including any action involving a determination of the rights or interests in a Participant's benefits under the Plan as set forth in such procedures as the Company may establish pursuant to Section 14.4. Notwithstanding the foregoing, the Company shall interpret this provision in a manner that is consistent with Code Section 409A and other applicable tax law.
- 14.16. **Distribution in the Event of Income Inclusion under Code Section 409A.** If any portion of a Participant's Account Balance under this Plan is required to be included in income by the Participant prior to receipt due to a violation of the requirements of Code Section 409A, the Participant may petition the Company, as applicable, for a distribution of that portion of his or her Account Balance that is required to be included in his or her income. Upon the grant of such a petition, which grant shall not be unreasonably withheld, the Participant's Employer shall distribute to the Participant immediately available funds in an amount equal to the portion of his or her Account Balance required to be included in income as a result of the failure of the Plan to meet the requirements of Code Section 409A, which amount shall not exceed the Participant's unpaid vested Account Balance under the Plan. Such a distribution shall affect and reduce the Participant's benefits to be paid under this Plan.
- 14.17. **Deduction Limitation on Benefit Payments.** If an Employer reasonably anticipates that the Employer's deduction with respect to any distribution from this Plan would be limited or eliminated by application of Code Section 162(m), then to the extent deemed necessary by the Employer to ensure that the entire amount of any distribution from this Plan is deductible, the Employer may delay payment of any amount that would otherwise be distributed from this Plan. Any amounts for which distribution is delayed pursuant to this Section 14.17 shall continue to be credited/debited with additional amounts in accordance with Section 3.9 above. The delayed amounts (and any amounts credited thereon) shall be distributed to the Participant (or his or her Beneficiary in the event of the Participant's death) at the earliest date the Employer reasonably anticipates that the deduction of the payment of the amount will not be limited or eliminated by application of Code Section 162(m).

**SUPPLEMENT A TO**  
**CISCO SYSTEMS, INC.**  
**2009 DEFERRED COMPENSATION PLAN**

Special provisions applicable to participants of the Scientific-Atlanta 2005 Executive Deferred Compensation Plan, as amended and restated effective January 1, 2008 (the “SA Post-2004 Plan”), with amounts deferred between January 1, 2005 and December 31, 2008.

**SUPPLEMENT A TO CISCO SYSTEMS, INC.**  
**2009 DEFERRED COMPENSATION PLAN**

Amended and Restated

on October 13, 2016

**Purpose**

The SA Post-2004 Plan merged with the Cisco Systems, Inc. Deferred Compensation Plan, effective January 1, 2009 (collectively the “Plan”). Except as otherwise specifically provided in this Supplement A, the rights and obligations of participants of the SA Post-2004 Plan, with amounts deferred between January 1, 2005 and December 31, 2008 (the “SA Post-2004 Plan Participants”), will be determined in accordance with the Plan. This Supplement A is a part of the Plan and shall be administered in accordance with the provisions thereof.

**ARTICLE-1**  
**Definitions**

For purposes of this Supplement A, the following special definitions shall apply. Section numbers shall refer exclusively to this Supplement A absent a specific statement to the contrary:

- 1.1 “**Deferral Account**” shall mean an account maintained by the Employer for each deferral election made by a SA Post-2004 Plan Participant under the SA Post-2004 Plan.
- 1.2 “**Deferred Benefit Commencement Date**” shall mean the date designated by a SA Post-2004 Plan Participant with respect to each deferral election as the date on which the payment of the Deferred Benefits that accumulate as a result of such election are to begin.
- 1.3 “**Deferred Benefits**” shall mean the amounts payable pursuant to the SA Post-2004 Plan to a SA Post-2004 Plan Participant, or to his or her Beneficiary or estate, following the SA Post-2004 Plan Participant’s Separation from Service, the Deferred Benefit Commencement Date, Disability, or death.
- 1.4 “**Employer**” shall mean Scientific-Atlanta, Inc. or any of its majority owned subsidiaries and their successors.



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2009 Deferred Compensation Plan  
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- 1.5 “**Separation from Service**” shall have the meaning provided under Section 409A of the Internal Revenue Code, as amended, and the regulations promulgated thereunder (“Section 409A”).

**ARTICLE-2**  
**Deferred Benefit Commencement Date**

- 2.1 **Deferred Benefit Commencement Date**. Except as otherwise provided in this Article and in Article 3 hereof, payment of the Deferred Benefits shall commence on one of the following permissible Deferred Benefit Commencement Dates, as elected by the SA Post-2004 Plan Participant pursuant to the terms of the SA Post-2004 Plan: (i) a set date which is no earlier than July 1 following the end of the Plan Year in which the election amount is deferred; (ii) the SA Post-2004 Plan Participant's Separation from Service date, or (iii) a date which is either the fifth (5th) or tenth (10th) anniversary of the SA Post-2004 Plan Participant's Separation from Service. The term "Retirement" used as a designation on any Election Form for a Deferred Benefit Commencement Date shall mean the SA Post-2004 Plan Participant's Separation from Service date.
- 2.2 **Method of Payment**. Except as otherwise provided in Article 3 hereof, payment of the Deferred Benefits shall be in the form of cash, pursuant to one of the following methods, as elected by the SA Post-2004 Plan Participant:
- (a) A single lump sum payment of the entire balance of the respective Deferral Account, determined as of the Deferred Benefit Commencement Date and payable within sixty (60) days; or
  - (b) Annual, semi-annual or quarterly installments payable over a five (5), ten (10) or fifteen (15) year period, and commencing on the respective Deferred Benefit Commencement Date.

If the SA Post-2004 Plan Participant has elected to receive such Deferred Benefits in installments, the amount payable in the first year of such installments shall be an amount that will fully amortize the balance in the SA Post-2004 Plan Participant's Deferral Account determined as of the Deferred Benefit Commencement Date over the five (5), ten (10), or fifteen (15) year period. Thereafter, the amount payable in each succeeding year shall be adjusted to an amount that will fully amortize the remaining balance in such Deferral Account over the remaining years in the aforesaid five (5), ten (10), or fifteen (15) year installment period.

- 2.3 **Postponing Set Date Distribution**. If the Deferred Benefit Commencement Date selected by the SA Post-2004 Plan Participant is a set date which is no earlier than July 1 following the end of the Plan Year in which the Election Amount is deferred, then the SA Post-2004 Plan Participant may elect to postpone such distribution and have such amount paid out on an allowable alternative Deferred Benefit Commencement Date designated by the SA Post-2004 Plan Participant in accordance with this Section 2.3. In order to make this election, the SA Post-2004 Plan Participant must complete a new

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Election Form in accordance with such rules and procedures as the Company may establish and in accordance with the following criteria:

- (a) Such Election Form must be completed at least twelve (12) months prior to the SA Post-2004 Plan Participant's previously designated Deferred Benefit Commencement Date;
- (b) The new Deferred Benefit Commencement Date selected by the SA Post-2004 Plan Participant must be at least five (5) years after the previously designated Deferred Benefit Commencement Date; and
- (c) The election of the new Deferred Benefit Commencement Date shall have no effect until at least twelve (12) months after the date on which the election is made.

2.4 **Postponing Separation from Service Distribution.** Effective April 1, 2017, an SA Post-2004 Plan Participant may elect to change the time and form of a Separation from Service distribution elected pursuant to Sections 2.1(ii), 2.1(iii) and/or 2.2 and have such amount paid out on an allowable alternative time and form of distribution designated by the SA Post-2004 Plan Participant in accordance with this Section 2.4. In order to make this election, the SA Post-2004 Plan Participant must complete a new Election Form in accordance with such rules and procedures as the Company may establish and in accordance with the following criteria:

- (a) To the extent required to comply with Code Section 409A, such election must be completed at least twelve (12) months prior to the date the benefit is scheduled to be paid (or, in the case of installment payments treated as a single payment, twelve (12) months from the date the first installment was scheduled to be paid);
- (b) The new election must provide that the payment with respect to which such election is made be deferred for a period of not less than five (5) years from the date such payment would have otherwise been paid (or, in the case of installment payments treated as a single payment, five (5) years from the date the first installment was scheduled to be paid); and
- (c) The election shall have no effect until at least twelve (12) months after the date on which the election is made.

**ARTICLE-3**  
**Payment of Deferred Benefits**

3.1 **Separation from Service.** Deferred Benefits shall be paid to a SA Post-2004 Plan Participant upon his or her Separation from Service, as follows:

- (a) Without exception, if a SA Post-2004 Plan Participant incurs a Separation from Service prior to attaining age fifty-five (55), then the balance of his or her Deferral Account shall be determined on a date that is six (6) months after his or her Separation from Service and paid in a lump sum within thirty (30) days of such date.
- (b) If a SA Post-2004 Plan Participant incurs a Separation from Service after attaining age fifty-five (55) or older, then the balance of his or her Deferral Account shall be determined on the applicable Deferred Benefit Commencement Date elected by the SA Post-2004 Plan Participant (except that benefits paid in accordance with Section 2.1(ii) shall be determined on a date that is six (6) months after the SA Post-2004 Plan Participant's Separation from Service). Such benefits shall be paid or commence to be paid, as applicable, within thirty (30) days of such date, in accordance with the instructions regarding the form of payment in the applicable Election Form.

3.2 **Disability.**

- (a) Upon the determination of a SA Post-2004 Plan Participant's Disability, no further deferrals will be made to the Deferral Account and the Company shall pay the SA Post-2004 Plan Participant the balance in each of the SA Post-2004 Plan Participant's Deferral Accounts in the manner specified by the SA Post-2004 Plan Participant in his or her Election Form to apply in the event of his or her Disability, or if no such specification is made, on the Deferred Benefit Commencement Date that applies to such Deferral Account pursuant to the method requested by the SA Post-2004 Plan Participant in his or her Election Form.
- (b) A SA Post-2004 Plan Participant may change the form of payment of the Disability benefit by completing an Election Form in accordance with such rules and procedures established by the Company provided that the election to modify the Disability benefit shall have no effect until at least twelve (12) months after the date on which the election is made.
- (c) Sections 6.1 and 6.2 of Article 6 of the Plan will not govern a SA Post-2004 Plan Participant's Disability benefits.

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3.3 **Death.** Deferred Benefits shall be paid upon the death of a SA Post-2004 Plan Participant, as follows:

- (a) Upon the death of a SA Post-2004 Plan Participant, the Company shall pay the amounts in each of the SA Post-2004 Plan Participant's Deferral Accounts to the Beneficiary designated by the SA Post-2004 Plan Participant with respect to each Compensation Deferral Election in each of his or her respective Election Forms, or, if the SA Post-2004 Plan Participant fails to so designate a Beneficiary, to his or her surviving spouse. If the SA Post-2004 Plan Participant has no surviving spouse, then the benefits shall be payable to the executor or personal representative of the SA Post-2005 Plan Participant's estate.
- (b) If the SA Post-2004 Plan Participant's Separation from Service is due to death, the Company shall pay to each respective Beneficiary or to the SA Post-2004 Plan Participant's estate, as the case may be, the amounts in each of the SA Post-2004 Plan Participant's respective Deferral Accounts, in the same manner as for a SA Post-2004 Plan Participant who has incurred a Separation from Service, as set forth in Section 3.1(a).
- (c) If the SA Post-2004 Plan Participant dies following his or her Separation from Service date but prior to his or her receiving the full payment of all Deferred Benefits payable to him or her, the respective Beneficiaries or the SA Post-2004 Plan Participant's estate, as the case may be, shall receive a distribution of the SA Post-2004 Plan Participant's Deferred Benefits in the same manner as it otherwise would have paid to the SA Post-2004 Plan Participant as if the SA Post-2004 Plan Participant had not died, unless the SA Post-2004 Plan Participant has specified in his or her Election Form a different manner of payment to a Beneficiary.
- (d) If a Beneficiary who is receiving Deferred Benefits pursuant to the SA Post-2004 Plan dies, the remainder of the Deferred Benefits to which such Beneficiary was entitled at the time of his or her death shall continue to be payable to the beneficiary or beneficiaries designated by such Beneficiary in writing to the Company (or to the Beneficiary's estate or heirs if he or she fails to designate a beneficiary or beneficiaries).

**SUPPLEMENT B TO**  
**CISCO SYSTEMS, INC.**  
**2009 DEFERRED COMPENSATION PLAN**

Special provisions applicable to participants of the Scientific-Atlanta Executive Deferred Compensation Plan, as amended and restated effective May 15, 2002 (the “SA Grandfathered Plan”), with amounts deferred prior to January 1, 2005.

**SUPPLEMENT B TO CISCO SYSTEMS, INC.**  
**2009 DEFERRED COMPENSATION PLAN**  
Amended and Restated  
Effective January 1, 2013

**Purpose**

The SA Grandfathered Plan merged with the Cisco Systems, Inc. Deferred Compensation Plan, effective January 1, 2009. Except as otherwise specifically provided in this Supplement B, the rights and obligations of participants of the SA Grandfathered Plan, with amounts deferred prior to January 1, 2005 (the "SA Grandfathered Plan Participants"), will be determined in accordance with the Plan. This Supplement B is a part of the Plan and shall be administered in accordance with the provisions thereof.

**ARTICLE-1**  
**Definitions**

For purposes of this Supplement B, the following special definitions shall apply. Section numbers shall refer exclusively to this Supplement B absent a specific statement to the contrary:

- 1.1 **"Deferral Account"** shall mean an account maintained by the Employer for each deferral election made by a SA Grandfathered Plan Participant under the SA Grandfathered Plan.
- 1.2 **"Deferred Benefit Commencement Date"** shall mean the date irrevocably designated by a SA Grandfathered Plan Participant with respect to each deferral election as the date on which the payment of the Deferred Benefits that accumulate as a result of such election are to begin.
- 1.3 **"Deferred Benefits"** shall mean the amounts payable pursuant to the SA Grandfathered Plan to a SA Grandfathered Plan Participant, or to his or her Beneficiary or estate, following the SA Grandfathered Plan Participant's termination of employment, the Deferred Benefit Commencement Date, Total Disability, or death.
- 1.4 **"Employer"** shall mean Scientific-Atlanta, Inc. or any of its majority owned subsidiaries and their successors.
- 1.5 **"Total Disability"** shall mean a physical or mental condition which is expected to be totally and permanently disabling as determined in accordance with the terms and conditions of the long-term disability insurance plan currently or most recently

maintained by the Employer for the benefit of the SA Grandfathered Plan Participant claiming to be totally disabled.

**ARTICLE-2**  
**Deferred Benefit Commencement Date**

- 2.1 **Deferred Benefit Commencement Date**. Except as otherwise provided in this Article and in Article 3 hereof, payment of the Deferred Benefits (except for amounts held in the Insurance Fund, defined below) shall commence on one of the following permissible Deferred Benefit Commencement Dates, as elected by the SA Grandfathered Plan Participant pursuant to the terms of the SA Grandfathered Plan: (i) a set date which is no earlier than July 1 following the end of the Plan Year in which the election amount is deferred; (ii) the SA Grandfathered Plan Participant's termination of employment date, or (iii) a date which is either the fifth (5th) or tenth (10th) anniversary of the SA Grandfathered Plan Participant's termination of employment. The term "Retirement" used as a designation on any Election Form for a Deferred Benefit Commencement Date shall mean the SA Grandfathered Plan Participant's termination of employment date.
- 2.2 **Method of Payment**. Except as otherwise provided in Article 3 hereof, payment of the Deferred Benefits (other than benefits held in the Insurance Fund, defined below) shall be in the form of cash, pursuant to one of the following methods, as elected by the SA Grandfathered Plan Participant:
- (a) A single lump sum payment of the entire balance of the respective Deferral Account, determined as of the Deferred Benefit Commencement Date and payable as soon as administratively practicable thereafter; or
  - (b) Annual, semi-annual or quarterly installments payable over a five (5), ten (10) or fifteen (15) year period, and commencing on the respective Deferred Benefit Commencement Date.

If the SA Grandfathered Plan Participant has elected to receive such Deferred Benefits in installments, the amount payable in the first year of such installments shall be an amount that will fully amortize the balance in the SA Grandfathered Plan Participant's Deferral Account determined as of the Deferred Benefit Commencement Date over the five (5), ten (10), or fifteen (15) year period. Thereafter, the amount payable in each succeeding year shall be adjusted to an amount that will fully amortize the remaining balance in such Deferral Account over the remaining years in the aforesaid five (5), ten (10), or fifteen (15) year installment period.

- 2.3 **Postponing Distribution**. A SA Grandfathered Plan Participant may revise or change any election or instruction relating to the Deferred Benefits contained in any Election Form, other than the election amount, by submitting to the Company a revised



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Election Form at least ninety (90) days prior to the effective date of such revision or change; *provided, however*, that the SA Grandfathered Plan Participant cannot change the deferral or payment period with respect to a particular election if payouts have commenced under such election.

- 2.4 **Insurance Fund Payments**. Proceeds of life insurance purchased with amounts credited to an Insurance Fund shall be payable as provided in the respective policy or policies and the applicable insurance proceeds payment agreement. The Insurance Fund is the fund available to eligible SA Grandfathered Plan Participants for use in purchasing life insurance. Amounts credited to an Insurance Fund shall be used to pay premiums on life insurance insuring the life of the SA Grandfathered Plan Participant, or, at the SA Grandfathered Plan Participant's election, the lives of the SA Grandfathered Plan Participant and his or her spouse on a joint and survivor basis, pursuant to such policies of insurance, and with such insurers, as the Company may determine from time to time. The Company shall be the owner of such insurance policy or policies.

**ARTICLE-3**  
**Payment of Deferred Benefits**

- 3.1 **Termination of Employment**. Except as provided in Article 2, and for amounts deferred into an Insurance Fund, Deferred Benefits shall be paid to a SA Grandfathered Plan Participant upon his or her termination of employment, as follows:
- (a) Upon the involuntary termination of a SA Grandfathered Plan Participant's employment, the amount in each Deferral Account shall be payable to the SA Grandfathered Plan Participant either (i) in the manner specified by the SA Grandfathered Plan Participant in his or her Election Form to apply in the event of his or her involuntary termination of employment; or (ii) if no such specification is made, on the Deferred Benefit Commencement Date that applies to such Deferral Account, pursuant to the method requested by the SA Grandfathered Plan Participant in his or her Election Form.
  - (b) Without exception, upon the voluntary termination of a SA Grandfathered Plan Participant's employment prior to attaining fifty-five (55) years of age:
    - (i) the amounts in each of the SA Grandfathered Plan Participant's Deferral Accounts shall cease to earn interest and the balance of each Deferral Account shall be determined as of the nearest pay date following the SA Grandfathered Plan Participant's termination of employment date; and
    - (ii) the Company shall pay the SA Grandfathered Plan Participant the balance of each such Deferral Account not according to the SA

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Grandfathered Plan Participant's elections as specified in his or her Election Forms but in a lump sum, to be paid within sixty (60) days of the SA Grandfathered Plan Participant's voluntary termination of employment.

- (c) Upon the voluntary termination of a SA Grandfathered Plan Participant's employment after attaining age fifty-five (55) or older, the Company will pay out to such SA Grandfathered Plan Participant all amounts in his or her Deferral Account in accordance with the instructions in the applicable Election Form.

**3.2 Total Disability.**

- (a) Upon the determination of a SA Grandfathered Plan Participant's Total Disability, the Company shall pay the SA Grandfathered Plan Participant the balance in each of the SA Grandfathered Plan Participant's Deferral Accounts (except for amounts deferred into an Insurance Fund) as if the SA Grandfathered Plan Participant had been terminated involuntarily, as set forth in Section 3.1(a), unless the SA Grandfathered Plan Participant has specified in his or her Election Form a different manner of payment.
- (b) A SA Grandfathered Plan Participant may change the form of payment of the Total Disability benefit by completing an Election Form in accordance with Section 2.3, above.
- (c) Sections 6.1 and 6.2 of Article 6 of the Plan will not govern a SA Grandfathered Plan Participant's Total Disability benefits.

**3.3 Death.** Deferred Benefits shall be paid upon the death of a SA Grandfathered Plan Participant (except for amounts deferred into an Insurance Fund), as follows:

- (a) Upon the death of a SA Grandfathered Plan Participant, the Company shall pay the amounts in each of the SA Grandfathered Plan Participant's Deferral Accounts to the Beneficiary designated by the SA Grandfathered Plan Participant with respect to each deferral election in each of his or her respective Election Forms, or, if the SA Grandfathered Plan Participant fails to so designate a Beneficiary, to his or her surviving spouse. If the SA Grandfathered Plan Participant has no surviving spouse, then the benefits shall be payable to the executor or personal representative of the SA Grandfathered Plan Participant's estate.
- (b) If the SA Grandfathered Plan Participant dies prior to his or her termination of employment date, the Company shall pay to each respective Beneficiary, or to the SA Grandfathered Plan Participant's estate, as the case may be, the amounts in each of the SA Grandfathered Plan Participant's respective Deferral

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Accounts, in the same manner as for the SA Grandfathered Plan Participant who has been terminated involuntarily, as set forth in Section 3.1(a).

- (c) If the SA Grandfathered Plan Participant dies following his or her termination of employment date but prior to his or her receiving the full payment of all Deferred Benefits payable to him or her, the Company shall pay to each of the respective Beneficiaries or to the SA Grandfathered Plan Participant's estate, as the case may be, the same Deferred Benefit in the same manner as it otherwise would have paid to the SA Grandfathered Plan Participant as if the SA Grandfathered Plan Participant had not died, unless the SA Grandfathered Plan Participant has specified in his or her Election Form a different manner of payment to a Beneficiary.
- (d) Notwithstanding the other provisions of this section, a Beneficiary may request a different payment schedule than what has been elected by the SA Grandfathered Plan Participant, if such change does not further defer the scheduled payout, by submitting a request in writing to the Company. The granting of any such request shall be within the discretion of the Company.
- (e) If a Beneficiary who is receiving Deferred Benefits pursuant to the SA Grandfathered Plan dies, the remainder of the Deferred Benefits to which such Beneficiary was entitled at the time of his or her death shall continue to be payable to the beneficiary or beneficiaries designated by such Beneficiary in writing to the Company (or to the Beneficiary's estate or heirs if he or she fails to designate a beneficiary or beneficiaries).

**ARTICLE-4**  
**Investment Options**

**4.1 Investment Options.**

- (a) Effective January 1, 2009, a SA Grandfathered Plan Participant may select one or more investment options made available by the Company from time to time for his or her Deferral Account. Any investment option selection must specify the percentage of the amount specified in the deferral election to be invested in each investment option in one percent (1%) increments.
- (b) Any investment option selection made by a SA Grandfathered Plan Participant for the investment of his Account shall be made in accordance with this section. The SA Grandfathered Plan Participant shall make the initial investment option selection on a form provided by the Company. Thereafter the SA Grandfathered Plan Participant may modify his or her initial investment option selections for past amounts deferred and/or for future deferrals in the manner established by the Company. A SA Grandfathered Plan Participant

may modify his or her investment option selections in accordance with procedures established from time to time by the Company. Any modifications made in accordance with such procedures shall be implemented as soon as administratively practicable following the completion of the applicable procedures. An investment option selection for a deferral election shall remain in effect until superseded by a subsequent investment option selection modification, or until the complete distribution of the SA Grandfathered Plan Participant's Deferred Benefits related to that deferral election.

- (c) If a SA Grandfathered Plan Participant fails to submit an investment option selection for a deferral Election, or if a SA Grandfathered Plan Participant's investment option selection does not equal one hundred percent (100%), the portion of the SA Grandfathered Plan Participant's deferral Election that is not subject to an investment option selection shall be invested in the Measurement Fund selected by the Company for this purpose.

**ARTICLE-5**  
**Hardship Withdrawals**

5.1 Hardship Withdrawals. A SA Grandfathered Plan Participant may request a Hardship Withdrawal of all or a portion of his or her Deferred Benefits (excluding amounts deferred into a Insurance Fund) before the Deferred Benefit Commencement Date, as follows:

- (a) The request for withdrawal must be to meet an "unforeseeable emergency."
- (b) For purposes of this Article V, an unforeseeable emergency is a severe financial hardship to the SA Grandfathered Plan Participant resulting from a sudden and unexpected illness or accident of the SA Grandfathered Plan Participant or a dependent of the SA Grandfathered Plan Participant, loss of the SA Grandfathered Plan Participant's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the SA Grandfathered Plan Participant. The circumstances that will constitute an unforeseeable emergency will depend upon the facts of each case, but, in any case, a hardship withdrawal may not be made to the extent that such hardship is or may be relieved:
- (i) Through reimbursement or compensation by insurance or otherwise, or

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- (ii) By liquidation of the SA Grandfathered Plan Participant's assets, to the extent the liquidation of such assets would not itself cause severe financial hardship.
- (c) The request for a Hardship Withdrawal must be made in writing to the Company and shall state the amount requested, the unforeseeable emergency to which the amount will be applied and shall also affirm that no other assets are reasonably available to meet the emergency.
- (d) The Company shall consider applicable regulatory standards in assessing whether to grant a request for a Hardship Withdrawal.

**SUPPLEMENT C TO**  
**CISCO SYSTEMS, INC.**  
**2009 DEFERRED COMPENSATION PLAN**

**Purpose**

The purpose of this Supplement C to the Cisco Systems, Inc. 2009 Deferred Compensation Plan (the “**Plan**”) is to enable Non-Employee Directors of the Company to elect to defer receipt of their Director Fees. Supplement C to the Plan originally became effective on November 20, 2014, and this Supplement C, as amended and restated, shall become effective as of December 10, 2020. Except as modified by this Supplement C, all the provisions of the Plan shall be incorporated into this Supplement C. This Supplement C is a part of the Plan and shall be administered in accordance with the provisions thereof.

**ARTICLE 1**

**Definitions**

The terms used in this Supplement C shall have the meanings defined in the Plan, except for the following special definitions. Section numbers shall refer exclusively to this Supplement C absent a specific statement to the contrary:

- 1.1 “**Annual Deferral Amount**” shall mean that portion of the Director Fees that a Non-Employee Director defers in accordance with the Plan and Article 2 below for any one Plan Year.
- 1.2 “**Director Fees**” shall mean the annual cash retainer fees earned by a Participant in his or her capacity as a Non-Employee Director, any additional cash retainer fees earned by a Participant in connection with his or her service on any committee of the Board, or other cash fees earned by a Participant in his or her capacity as a Non-Employee Director.
- 1.3 “**Non-Employee Director**” shall mean a member of the Board who is not an employee of the Company or any of its subsidiaries. For purposes of this Supplement C, a Non-Employee Director shall be deemed to be a “Participant” for purposes of the terms of the Plan.

**ARTICLE 2**

**Deferral of Fees**

- 2.1 **Deferral of Fees.** For each Plan Year, a Non-Employee Director may elect to defer his or her Annual Deferral Amount pursuant to the terms of the Plan, this Supplement C and the election form for this purpose.
- 2.2 **Election to Defer.**
  - (a) **Current Non-Employee Directors.** A Non-Employee Director who is serving on the Board on the date this Supplement C, as amended and restated, becomes effective

may elect to become a Participant in the Plan by electing, on or prior to December 31, 2020, to defer his or her Director Fees. A Non-Employee Director who was serving on the Board prior to the date this Supplement C, as amended and restated, becomes effective may have elected to become a Participant in the Plan prior to the date this Supplement C, as amended and restated, becomes effective and such election shall continue in effect unless changed pursuant to the provision in Article 2.2(c) below.

- (b) **New Non-Employee Directors.** Each individual who first becomes a Non-Employee Director after the date this Supplement C, as amended and restated, becomes effective may elect to become a participant in the Plan by electing to make deferrals under the Plan no later than the deadline set forth in the election form with respect to the Director Fees in connection with such appointment or election.
  - (c) **Effect of Election.** An election under this Article 2 shall be effective only with respect to Director Fees earned after the effective date of the election. A Non-Employee Director may elect to become a Participant in the Plan for any subsequent plan year by electing, no later than December 31 of the immediately preceding Plan Year, to make deferrals under the Plan. Once a Non-Employee Director has elected to defer any portion of his or her Director Fees, the election may not be revoked and shall continue in effect for the remainder of the Non-Employee Director's service as a member of the Board; provided, however, that a Non-Employee Director may change his or her deferral election in accordance with such rules and procedures as the Company may establish and to the extent required by Code Section 409A, in accordance with the criteria consistent with Section 4.2 of the Plan.
- 2.3 **Investment of Deferred Director Fees.** The Company shall establish a separate deferred compensation account on its books in the name of each Non-Employee Director who has elected to participate in the Plan. A cash amount shall be credited to each such Non-Employee Director's account as of each date on which amounts deferred under the Plan would otherwise have been paid to such Non-Employee Director. In accordance with, and subject to, the rules and procedures that are established from time to time by the Company, amounts shall be credited or debited to a Non-Employee Director's Account Balance in accordance with Section 3.9 of the Plan. The Non-Employee Director's Account Balance shall become payable as set forth in Article 3 below.

### **ARTICLE 3**

#### **Payment of Account Balance**

- 3.1 **Distribution.** Payment of a Non-Employee Director's Account Balance shall only be made upon termination of the Non-Employee Director's service as a member of the Board, his or her Disability or death.
- (a) Each Non-Employee Director shall have the election to receive his or her entire vested Account Balance upon a termination of the Non-Employee Director's service or Disability as selected by the Non-Employee Director which shall be either (i) within thirty (30) days after the termination of the Non-Employee Director's service or Disability or (ii) within thirty (30) days after the first day of the calendar year

**Cisco Systems, Inc.**  
2009 Deferred Compensation Plan  
Supplement C

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following the termination of the Non-Employee Director's service or Disability. Notwithstanding the foregoing, if the Non-Employee Director is a "specified employee" (as defined in Treasury Regulation 1.409A-1(i)) at the time of such termination of service or Disability, payment of the entire vested Account Balance will not be made to the Non-Employee Director until the earlier of the first day of the 7<sup>th</sup> month after the termination of the Non-Employee Director's service or Disability, or the date of the Non-Employee Director's death.

- (b) Upon a Non-Employee Director's death, the Non-Employee Director shall receive his or her entire vested Account Balance in accordance with Article 7 of the Plan.



CISCO SYSTEMS, INC.  
**EMPLOYEE STOCK PURCHASE PLAN**  
 (As Amended and Restated Effective as of January 25, 2021)

**I. PURPOSE**

The Cisco Systems, Inc. Employee Stock Purchase Plan is intended to provide eligible employees of the Company and one or more of its Corporate Affiliates with the opportunity to acquire a proprietary interest in the Company through participation in offerings (each, a “**Section 423 Offering**”) under a plan designed to qualify as an employee stock purchase plan under Section 423 of the Internal Revenue Code (although the Company makes no undertaking or representation to maintain such qualification). In addition, the Plan authorizes the grant of purchase rights which do not qualify under Code Section 423 pursuant to any rules, procedures, agreements, appendices, or sub-plans adopted by the Plan Administrator for such purpose for eligible employees of the Company’s Designated Affiliates in particular locations outside the United States (each, a “**Non-423 Offering**”).

**II. DEFINITIONS**

For purposes of administration of the Plan, the following terms shall have the meanings indicated:

**Affiliate** means either a Corporate Affiliate or a Designated Affiliate.

**Applicable Law** means the requirements relating to the administration of equity-based awards under state corporate laws, United States federal and state securities laws, the Code, the rules of any stock exchange or quotation system on which the Stock is listed or quoted, and the applicable laws of any non-U.S. jurisdiction where purchase rights are, or will be, granted under the Plan.

**Board** means the Board of Directors of the Company.

**Code** means the United States Internal Revenue Code of 1986, as amended, and the regulations and interpretations promulgated thereunder.

**Company** means Cisco Systems, Inc., a Delaware corporation, and any corporate successor to all or substantially all of the assets or voting stock of Cisco Systems, Inc. which shall by appropriate action adopt the Plan.

**Corporate Affiliate** means any company which is either the parent corporation or a subsidiary corporation of the Company (as determined in accordance with Code Section 424), including any parent or subsidiary corporation which becomes such after the Effective Date.

**Designated Affiliate** means any parent or subsidiary of the Company and any other entities other than the Company in an unbroken chain of entities beginning with the Company if, at the time of the granting of the option, each of the entities, other than the last entity in the unbroken chain, owns or controls 50 percent or more of the total ownership interest in one of the other entities in the chain, which shall be designated by the Plan Administrator in its sole discretion as participating in a Non-423 Offering under the Plan.

**Effective Date** means the date shareholders of the Company approve this amendment and restatement.

**Eligible Earnings** shall be determined by the Plan Administrator, or its designee, in its discretion on a uniform and nondiscriminatory basis for any offering period provided that such amount is paid to an Employee directly by any Participating Company, consistent with the requirements of Code Section 423 for any Offering qualified under Code Section 423. In addition, the Plan Administrator or its designee has the authority to make decisions about how Eligible Earnings should be interpreted for Employees outside the United States.

**Employee** means any person employed by the Company or any other Participating Company within the meaning of Code Section 3401(c).

**Offering** means a Section 423 Offering or a Non-423 Offering of a right to purchase shares under the Plan during an offering period as further described in Article IV. Unless otherwise determined by the Plan Administrator, each Offering under the Plan in which eligible Employees of the Company or a designated Corporate Affiliate may participate will be deemed a “separate offering” for purposes of Code Section 423 of the Code, even if the dates of the applicable offering periods of each such Offering are identical, and the provisions of the Plan will separately apply to each Offering. With respect to Section 423 Offerings, the terms of separate Offerings need not be identical provided that all Employees granted purchase rights in a particular Offering will have the same rights and privileges, except as otherwise may be permitted by Code Section 423; a Non-423 Offering need not satisfy such requirements.

**Participant** means any Employee of a Participating Company who is actively participating in the Plan.

**Participating Company** means the Company and such Affiliates as may be designated from time to time by the Plan Administrator.

**Plan** means the Cisco Systems, Inc. Employee Stock Purchase Plan, as may be amended from time to time.

**Stock** means shares of the common stock of the Company.

### **III. ADMINISTRATION**

The Plan shall be administered by the Board or by a committee (the “**Committee**”) comprised of at least two or more Board members appointed from time to time by the Board (the “**Plan Administrator**”). The Plan Administrator (whether the Board or the Committee) shall have full authority to administer the Plan, including authority, without limitation, to (a) interpret and construe any provision of the Plan; (b) adopt rules and regulations for administering the Plan, including such rules as it may deem necessary to comply with the requirements of Code Section 423; (c) determine eligibility, including whether Affiliates will participate in a Section 423 Offering or a Non-423 Offering of the Plan; (d) determine the terms and conditions of any purchase right under the Plan; (e) amend an outstanding purchase right, provided that the amended right otherwise conforms to the terms of the Plan; and (f) adopt rules, procedures, agreements, appendices, or sub-plans as it deems necessary or appropriate to permit the participation in the Plan by eligible Employees who are foreign nationals or employed outside the United States, as further set forth in Article X below.

Decisions of the Plan Administrator (or its designate) shall be final and binding on all parties who have an interest in the Plan.

### **IV. OFFERING PERIODS AND PURCHASE PERIODS**

(a) Stock shall be offered for purchase under the Plan through a series of successive and/or overlapping offering periods until such time as (i) the maximum number of shares of Stock available for issuance under the Plan shall have been purchased or (ii) the Plan shall have been sooner terminated in accordance with Article IX or shall terminate in accordance with Section XII(a).

(b) Under no circumstances shall any purchase rights granted under the Plan be exercised, nor shall any shares of Stock be issued hereunder, until such time as (i) the Plan shall have been approved by the Company’s shareholders and (ii) the Company shall have complied with all applicable requirements of the Securities Act of 1933 (as amended), all applicable listing requirements of any securities exchange on which the Stock is listed, and all other applicable requirements established by law or regulation.

(c) Unless otherwise determined by the Plan Administrator, the Plan shall be implemented in a series of overlapping offering periods, each to be of such duration (not to exceed twenty-four (24) months per offering period) as determined by the Plan Administrator prior to the commencement date of the offering period. Offering periods may commence at any time as determined by the Plan Administrator, including at quarterly or semi-annual intervals over the term of the Plan, and may consist of one or more purchase periods during which payroll deductions are collected from Participants and accumulated under the Plan. The Plan Administrator will announce the date each offering period will commence and the duration of that offering period and its applicable purchase period(s) in advance of the first day of such offering period.

(d) The Participant shall be granted a separate purchase right for each offering period in which he/she participates. The purchase right shall be granted on the first day of the offering period and shall be automatically

exercised on the last U.S. business day of the applicable purchase period within that offering period or any earlier day the purchase right is to be exercised hereunder.

(e) An Employee may participate in only one offering period at a time. Accordingly, an Employee who wishes to join a new offering period must withdraw from the current offering period in which he/she is participating prior to the last day of the current offering period in which the Employee participates and must also enroll in the new offering period prior to the start date of that new offering period at such time and in such manner as the Plan Administrator, in its discretion, requires. The Plan Administrator, in its discretion, may require an Employee who withdraws from one offering period to wait one full offering period or purchase period before re-enrolling in a new offering period under the Plan.

## **V. ELIGIBILITY AND PARTICIPATION**

(a) Each individual who is an Employee of a Participating Company on the commencement date of any offering period under the Plan shall be eligible to participate in the Plan for that offering period. The Plan Administrator may, in its discretion, limit the Employees who are eligible to participate in the Plan to those Employees who are regularly scheduled to work more than twenty (20) hours per week or more than five (5) months per calendar year, unless prohibited by Applicable Law. Notwithstanding the foregoing, in the case of a Non-423 Offering, any Employee (or group of Employees) may be excluded from participation in the Plan or an Offering thereunder if the Plan Administrator has determined, in its sole discretion, that participation of such Employee(s) is not advisable or practicable for any reason.

(b) In order to participate in the Plan for a particular offering period, the Employee must complete the enrollment forms prescribed by the Plan Administrator (including a purchase agreement and a payroll deduction authorization) and file such forms with the Plan Administrator (or its designate) no later than the day designated by the Plan Administrator in its discretion.

(c) Only Eligible Earnings may be used to participate and acquire Stock under the Plan.

(d) The payroll deduction authorized by a Participant for purposes of acquiring Stock under the Plan may be any multiple of 1% of the Eligible Earnings of the Participant during the applicable purchase period, up to a maximum equal to the lesser of (i) 10% of the Participant's Eligible Earnings per purchase period and (ii) 100% of the Participant's Eligible Earnings that remain after subtracting all other amounts that are to be deducted or withheld from such Eligible Earnings per purchase period. The deduction rate so authorized shall continue in effect for the entire period the purchase right remains outstanding, unless the Participant shall, prior to the end of the offering period for which the purchase right will remain in effect, reduce such rate (but not below 1%) by filing the appropriate form with the Plan Administrator (or its designate). The reduced rate shall become effective as soon as practicable following the filing of such form. Payroll deductions, however, will automatically cease upon the termination of the Participant's purchase right in accordance with Sections VII(e) or (f) below. The Plan Administrator, in its discretion, may adopt rules limiting the number of payroll deduction rate changes a Participant may make in a single offering period or purchase period.

## **VI. STOCK SUBJECT TO PLAN**

(a) The Stock purchasable by Participants under the Plan shall be authorized but unissued Stock. The total number of shares which may be issued under the Plan, in the aggregate, shall not exceed 721,400,000 shares (subject to adjustment under subparagraph (b) below). Such share reserve includes the 100,000,000 share increase approved by the Board on October 3, 2018 and subject to the approval of the shareholders at the 2018 Annual Meeting. For avoidance of doubt, up to the maximum number of shares reserved under this subparagraph (a) may be used to satisfy purchases of shares under Section 423 Offerings and any remaining portion of such maximum number of shares may be used to satisfy purchases of shares under Non-423 Offerings.

(b) In the event any change is made to the Stock purchasable under the Plan by reason of (I) any merger, consolidation or reorganization or (II) any stock dividend, stock split, recapitalization, combination of shares or other change affecting the outstanding Stock as a class without the Company's receipt of consideration, then unless such change occurs in connection with a Section VII(l) transaction, appropriate adjustments shall be made by the Plan Administrator to (i) the class and maximum number of shares issuable in the aggregate over the term of the Plan, (ii) the class and maximum number of shares purchasable per Participant on any one purchase date, and (iii)

the class and number of shares and the price per share of the Stock subject to each purchase right at the time outstanding under the Plan.

## **VII. PURCHASE RIGHTS**

An Employee who participates in the Plan for a particular offering period shall have the right to purchase Stock with Eligible Earnings upon the terms and conditions set forth below and shall execute a purchase agreement embodying such terms and conditions and such other provisions (not inconsistent with the Plan) as the Plan Administrator may deem advisable.

(a) Purchase Price. The U.S. Dollar purchase price per share shall be at least equal to the lesser of (i) 85% of the fair market value per share of Stock on the date on which the purchase right is granted or (ii) 85% of the fair market value per share of Stock on the date the purchase right is exercised. For purposes of determining such fair market value (and for all other valuation purposes under the Plan), the fair market value per share of Stock on any relevant date shall be the closing selling price per share on such date, as officially quoted on the principal exchange on which the Stock is at the time traded or, if not traded on any such exchange, the closing selling price per share of the Stock on such date, as reported on the Nasdaq National Market. If there are no sales of Stock on such day, then the closing selling price for the Stock on the next preceding day for which there does exist such quotation shall be determinative of fair market value.

(b) Number of Purchasable Shares. The number of shares purchasable by a Participant upon the exercise of an outstanding purchase right shall be the number of whole shares obtained by dividing the amount collected from the Participant through payroll deductions during each purchase period the purchase right remains outstanding by the purchase price in effect for each such purchase period. Any remaining amount in the Participant's account shall be automatically refunded to the Participant. However, the maximum number of shares purchasable by any Participant on any one purchase date shall not exceed 22,500 shares (subject to adjustment under Section VI(b)), and any amount not applied to the purchase of Stock on behalf of a Participant by reason of such limitation shall be refunded to that Participant.

Under no circumstances shall purchase rights be granted under the Plan to any Employee if such Employee would, immediately after the grant, own (within the meaning of Code Section 424(d)), or hold outstanding options or other rights to purchase, stock possessing 5% or more of the total combined voting power or value of all classes of stock of the Company or any of its Corporate Affiliates.

In addition, the accrual limitations of Article VIII shall apply to all purchase rights.

(c) Payment. Unless otherwise determined by the Plan Administrator, Payment for Stock purchased under the Plan shall be effected by means of the Participant's authorized payroll deductions of Eligible Earnings. Such deductions shall begin on the first pay day coincident with or immediately following the commencement date of the relevant purchase period and, unless terminated earlier pursuant to Sections VII(e) or (f) below, shall terminate with the pay day ending with or immediately prior to the last day of the purchase period. The amounts so collected shall be credited to the book account maintained by the Company on the Participant's behalf under the Plan, but no interest shall be paid on the balance from time to time outstanding in such book account. The amounts collected from a Participant may be commingled with the general assets of the Company and may be used for general corporate purposes.

(d) Conversion into U.S. Dollars. For purposes of determining the number of shares purchasable on any purchase date under the Plan by a Participant whose Eligible Earnings are paid in a currency other than U.S. Dollars, the payroll deductions credited to such Participant's book account during each purchase period shall be converted into U.S. Dollars on the purchase date for that purchase period on the basis of the exchange rate in effect on such date. The Plan Administrator shall have the absolute discretion to determine the applicable exchange rate to be in effect for each purchase date by any reasonable method (including, without limitation, the exchange rate actually used by the Company for its intra-Company financial transactions for the month of such transfer). Any changes or fluctuations in the exchange rate at which the payroll deductions collected on the Participant's behalf are converted into U.S. Dollars on each purchase date shall be borne solely by the Participant.

(e) Withdrawal from Offering Period.

(i) A Participant may withdraw from an offering period by filing the prescribed notification form with the Plan Administrator (or its designate) on or prior to the date required by the Plan Administrator in its discretion. No further payroll deductions shall be collected from the Participant with respect to that offering period, and the Participant shall have the following election with respect to any payroll deductions for the applicable purchase period collected prior to the withdrawal date: (A) have the Company refund, in the currency originally collected, the payroll deductions which the Participant made under the Plan during that purchase period or (B) have such payroll deductions held for the purchase of shares at the end of such purchase period. If no such election is made, then such payroll deductions shall automatically be refunded at the end of such purchase period, in the currency originally collected.

(ii) The Participant's withdrawal from a particular offering period shall be irrevocable and shall also require the Participant to re-enroll in the Plan (by making a timely filing of a new purchase agreement and payroll deduction authorization) if the Participant wishes to resume participation in a subsequent offering period.

(f) Termination of Employment/Leave of Absence. Except as provided in Section VII(m) below, if a Participant ceases to remain an Employee while his/her purchase right remains outstanding, then such purchase right shall immediately terminate and all sums previously collected from the Participant during the purchase period in which such termination occurs shall be promptly refunded to the Participant. However, should the Participant die or become permanently disabled while in Employee status or should the Participant cease active service by reason of a leave of absence, then the Participant (or the person or persons to whom the rights of the deceased Participant under the Plan are transferred by will or by the laws of descent and distribution) shall have the election, exercisable up until the end of the purchase period in which the Participant dies or becomes permanently disabled or in which the leave of absence commences, to (i) withdraw all the funds in the Participant's payroll account at the time of his/her cessation of Employee status or the commencement of such leave or (ii) have such funds held for the purchase of shares at the end of such purchase period. If no such election is made, then such funds shall automatically be held for the purchase of shares at the end of such purchase period. In no event, however, shall any further payroll deductions be added to the Participant's account for amounts paid following his/her cessation of Employee status or the commencement of such leave unless such amounts were earned prior to the commencement of such leave. Should the Participant return to active service (x) within three (3) months following the commencement of his/her leave of absence or (y) prior to the expiration of any longer period for which such Participant's right to reemployment with the Company is guaranteed by statute or contract, then his/her payroll deductions under the Plan shall automatically resume upon his/her return at the rate in effect at the time the leave began, and if a new purchase period begins during the period of the leave, then the Participant will automatically be enrolled in that purchase period at the rate of payroll deduction in effect for him/her at the time the leave commenced, but payroll deductions for that purchase period shall not actually begin until the Participant returns to active service. However, an individual who returns to active employment following a leave of absence that exceeds in duration the applicable (x) or (y) time period will be treated as a new Employee for purposes of subsequent participation in the Plan and must accordingly re-enroll in the Plan (by making a timely filing of the prescribed enrollment forms) on or before the start date of any subsequent offering period in which he or she wishes to participate.

For purposes of the Plan: (a) a Participant shall be considered to be an Employee for so long as such Participant remains in the active employ of the Company or any other Participating Company under the Plan, and (b) a Participant shall be deemed to be permanently disabled if he/she is unable, by reason of any medically determinable physical or mental impairment expected to result in death or to be of continuous duration of at least twelve (12) months, to engage in any substantial gainful employment.

(g) Stock Purchase. The Stock subject to the purchase right of each Participant (other than Participants whose purchase rights have previously terminated in accordance with Sections VII(e) or (f) above) shall be automatically purchased on the Participant's behalf on the last U.S. business day of the purchase period for which such purchase right remains outstanding. The purchase shall be effected by applying the amount credited to each Participant's book account, as converted into U.S. Dollars if necessary, on the last U.S. business date of the purchase period to the purchase of whole shares of Stock (subject to the limitations on the maximum number of purchasable shares set forth in Section VII(b)) at the purchase price in effect for such purchase period.

(h) Proration of Purchase Rights. Should the total number of shares of Stock to be purchased pursuant to outstanding purchase rights on any particular purchase date exceed the number of shares then available for issuance

under the Plan and the Sub-Plan, the Plan Administrator shall make a pro-rata allocation of the available shares on a uniform and nondiscriminatory basis, and any amounts credited to the accounts of Participants shall, to the extent not applied to the purchase of Stock, be refunded to the Participants, in the currency originally collected.

(i) Shareholder Rights. A Participant shall have no rights as a shareholder with respect to shares covered by the purchase rights granted to the Participant under the Plan until the shares are actually purchased on the Participant's behalf in accordance with Section VII(g). No adjustments shall be made for dividends, distributions or other rights for which the record date is prior to the purchase date.

(j) ESPP Broker Account. The shares purchased on behalf of each Participant shall be deposited directly into a brokerage account which the Company shall establish for the Participant at a Company-designated brokerage firm. The account will be known as the ESPP Broker Account. The Plan Administrator may adopt such policies and procedures for the Plan as it determines is appropriate, including for Participants in a Section 423 Offering, policies and procedures regarding the transfer of shares from a Participant's ESPP Broker Account before those shares have been held for the requisite period necessary to avoid a disqualifying disposition of such shares under the U.S. Federal tax laws. The Company may require a Participant to retain the shares purchased on his or her behalf in the Participant's ESPP Broker Account until the sale of such shares.

(k) Assignability. No purchase rights granted under the Plan shall be assignable or transferable by a Participant other than by will or by the laws of descent and distribution, and during the Participant's lifetime the purchase rights shall be exercisable only by the Participant.

(l) Merger or Liquidation of Company. In the event the Company or its shareholders enter into an agreement to dispose of all or substantially all of the assets or outstanding capital stock of the Company by means of a sale, merger or reorganization in which the Company will not be the surviving corporation (other than a reorganization effected primarily to change the State in which the Company is incorporated, a merger or consolidation with a wholly-owned subsidiary, or any other transaction in which there is no substantial change in the shareholders of the Company or their relative stock holdings, regardless of whether the Company is the surviving corporation) or in the event the Company is liquidated, then all outstanding purchase rights under the Plan shall automatically be exercised immediately prior to the consummation of such sale, merger, reorganization or liquidation by applying all sums previously collected from Participants during the purchase period of such transaction to the purchase of whole shares of Stock, subject, however, to the applicable limitations of Section VII(b).

(m) Acquisitions and Dispositions. The Plan Administrator may, in its sole and absolute discretion and in accordance with principles under Code Section 423, create special offering periods for individuals who become Employees solely in connection with the acquisition of another company or business by merger, reorganization or purchase of assets and may provide for special purchase dates for Participants who will cease to be Employees solely in connection with the disposition of all or a portion of any Participating Company or a portion of the Company, which offering periods and purchase rights granted pursuant thereto shall, notwithstanding anything stated herein, be subject to such terms and conditions as the Plan Administrator considers appropriate in the circumstances.

(n) Tax, Withholding and Other Required Deductions. At the time a Participant's purchase right or the shares of Stock acquired pursuant to such purchase right is subject to tax or any other mandatory deduction, the Participant shall make adequate provision for all applicable tax obligations, withholding obligations or other mandatory deductions, if any, of the Participant and/or the applicable Participating Company. The applicable Participating Company may, but shall not be obligated to, withhold from the Participant's compensation or any other payments due the Participant the amount necessary to meet such tax obligations, withholding obligations or mandatory deductions or withhold from the proceeds of the sale of shares of Stock or any other method of withholding the Company and/or the applicable Participating Company deems appropriate. The Company and/or the applicable Participating Company shall have the right to take such other action as may be necessary in the opinion of the Company or the applicable Participating Company to satisfy such tax obligations, withholding obligations or mandatory deductions.

(o) Conditions Upon Issuance of Shares. Notwithstanding any other provision of the Plan, unless there is an available exemption from any registration, qualification or other legal requirement applicable to the shares, the Company will not be required to deliver any shares of Stock issuable upon exercise of a purchase right under the

Plan prior to the completion of any registration or qualification of the shares under any Applicable Law, or prior to obtaining any approval or other clearance from any local, state, federal or foreign governmental agency, which registration, qualification or approval the Plan Administrator will, in its absolute discretion, deem necessary or advisable. The Company is under no obligation to register or qualify the shares with any state or foreign securities commission, or to seek approval or clearance from any governmental authority for the issuance or sale of the Shares. If, pursuant to this Section VII(o), the Plan Administrator determines that the shares will not be issued to any Participant, any payroll deductions credited to such Participant's account will be promptly refunded, without interest, to the Participant, without any liability to the Company or any Affiliate.

(p) Transfer of Employment. Unless otherwise determined by the Plan Administrator, a Participant whose employment transfers or whose employment terminates with an immediate rehire (with no break in service) by or between the Company and a Participating Company will not be treated as having ceased to be an Employee for purposes of participating in the Plan or an Offering thereunder; however, if a Participant transfers from a Section 423 Offering to a Non-423 Offering, the exercise of the Participant's purchase right will be qualified under the Section 423 Offering only to the extent that such exercise complies with Section 423 of the Code. If a Participant transfers from a Non-423 Offering to a Section 423 Offering, the exercise of the Participant's purchase right will remain non-qualified under the Non-423 Offering.

### **VIII. ACCRUAL LIMITATIONS**

(a) No Participant shall be entitled to accrue rights to acquire Stock pursuant to any purchase right outstanding under this Plan if and to the extent such accrual, when aggregated with (I) Stock rights accrued under other purchase rights outstanding under this Plan and (II) similar rights accrued under other employee stock purchase plans (within the meaning of Code Section 423) of the Company or any Corporate Affiliate, would otherwise permit such Participant to purchase more than Twenty-Five Thousand U.S. Dollars (US\$25,000) worth of stock of the Company or any Corporate Affiliate (determined on the basis of the fair market value of such stock on the date or dates such rights are granted to the Participant) for each calendar year such rights are at any time outstanding.

(b) For purposes of applying the accrual limitations of Section VIII(a), the right to acquire Stock pursuant to each purchase right outstanding under the Plan shall accrue as follows:

(i) The right to acquire Stock under each such purchase right shall accrue as and when the purchase right first becomes exercisable on the last U.S. business day of each purchase period the right remains outstanding.

(ii) No right to acquire Stock under any outstanding purchase right shall accrue to the extent the Participant has already accrued in the same calendar year the right to acquire Twenty-Five Thousand U.S. Dollars (US\$25,000) worth of Stock (determined on the basis of the fair market value on the date or dates of grant) pursuant to one or more purchase rights held by the Participant during such calendar year.

(iii) If by reason of the Section VIII(a) limitations, one or more purchase rights of a Participant do not accrue for a particular purchase period, then the payroll deductions which the Participant made during that purchase period with respect to such purchase rights shall be promptly refunded in the currency originally collected.

(c) In the event there is any conflict between the provisions of this Article VIII and one or more provisions of the Plan or any instrument issued thereunder, the provisions of this Article VIII shall be controlling.

### **IX. AMENDMENT AND TERMINATION**

(a) The Board or the Compensation Committee of the Board may from time to time alter, amend, suspend or discontinue the Plan; provided, however, that no such action shall adversely affect purchase rights or rights under Article XII below, at the time outstanding under the Plan, unless necessary or desirable to comply with any Applicable Law and provided, further, that no such action of the Board or the Compensation Committee of the Board may, without the approval of the shareholders of the Company, increase the number of shares issuable under the Plan (other than adjustments pursuant to Sections VI(b) and VII(b)), alter the purchase price formula so as to reduce the purchase price specified in the Plan, or materially modify the requirements for eligibility to participate in the Plan.

(b) Without shareholder approval and without regard to whether any Participant rights may be considered to have been “adversely affected,” the Plan Administrator shall be entitled to, in addition to, and without limitation with respect to, what is permitted pursuant to Section IX(a), cancel or change the purchase periods, limit the frequency and/or number of changes in the amount withheld during a purchase period, permit payroll withholding in excess of the amount designated by a Participant in order to adjust for delays or mistakes in the Company’s processing of properly completed enrollment forms, establish reasonable waiting and adjustment periods and/or accounting and crediting procedures to ensure that amounts applied toward the purchase of Stock for each Participant properly correspond with amounts withheld from the Participant’s Eligible Earnings, and establish such other limitations or procedures as the Plan Administrator determines in its sole discretion advisable which are consistent with the Plan.

**X. NON-U.S. OFFERINGS**

Notwithstanding any provision to the contrary in this Plan, the Plan Administrator may adopt such rules, procedures, agreements, appendices, or sub-plans (collectively, “**Sub-Plans**”) relating to the operation and administration of the Plan to accommodate local laws, customs and procedures for jurisdictions outside of the United States, the terms of which Sub-Plans may take precedence over other provisions of this Plan, with the exception of Article VI and Section XIII(a) hereof, but unless otherwise superseded by the terms of such Sub-Plan, the provisions of this Plan will govern the operation of such Sub-Plan. To the extent inconsistent with the requirements of Code Section 423, any such Sub-Plan will be considered part of a Non-423 Offering, and purchase rights granted thereunder will not be required by the terms of the Plan to comply with Code Section 423. Without limiting the generality of the foregoing, the Plan Administrator is authorized to adopt Sub-Plans for particular non-U.S. jurisdictions that modify the terms of the Plan to meet applicable local requirements, customs or procedures regarding, without limitation, (i) eligibility to participate, (ii) the definition of Eligible Earnings, (iii) the dates and duration of offering periods and purchase periods, (iv) any minimum or maximum amount of payroll deductions, a Participant may make in an offering period or other specified period under the applicable Sub-Plan, (v) the method of contribution to the Plan, including by means of check, wire transfer, electronic fund transfer or such other contribution method other than payroll deductions, (vi) the establishment of bank, building society or trust accounts to hold payroll deductions or other contributions to the Plan, (vii) the payment of interest, (viii) conversion of local currency, (ix) obligations to pay payroll tax, (x) withholding procedures and (xi) handling of share issuances.

**XI. CODE SECTION 409A**

Rights to purchase Stock granted under the Section 423 Offering are intended to be exempt from the application of Section 409A of the Code and rights to purchase Stock granted under the Non-423 Offering are intended either to be exempt from, or in compliance with, Section 409A of the Code. In furtherance of the foregoing and notwithstanding any provision in the Plan to the contrary, if the Plan Administrator determines that a right granted under the Plan may be subject to Section 409A of the Code or that any provision in the Plan would cause a right under the Plan to be subject to Section 409A of the Code, the Plan Administrator may, but shall not be required to, amend the terms of the Plan and/or of an outstanding right granted under the Plan, or take such other action the Plan Administrator determines is necessary or appropriate, in each case, without the Participant’s consent, to exempt any outstanding right or future right that may be granted under the Plan from or to allow any such rights to comply with Section 409A of the Code or to mitigate any adverse tax consequences arising under Section 409A. Notwithstanding the foregoing, the Company makes no representation that the right to purchase Stock under the Plan is exempt from, or compliant with, Section 409A of the Code and shall have no liability to a Participant or any other party if the right to purchase Stock under the Plan that is intended to be exempt from or compliant with Section 409A of the Code is not so exempt or compliant or for any action taken by the Plan Administrator with respect thereto.

**XII. DISPUTE RESOLUTION**

(a) Agreement to Arbitrate. Effective on January 2, 2019, an Employee or other individual (collectively “Covered Person”) manifests his or her agreement to arbitrate, without need for signature on the Covered Person’s part, by (i) enrolling in or remaining enrolled in the Plan, (ii) asserting a claim for Stock the Covered Person could purchase or other participation rights under the terms of the Plan (“Claim for Stock”), or (iii) asserting a claim for damages measured in whole or part by the value of Stock or participation rights the Covered Person could purchase or claim under the terms of the Plan had the Covered Person been enrolled in or otherwise been entitled to Stock or



participation rights under the Plan and made required payroll deductions (“Claim for Damages”). The Company manifests its agreement to arbitrate, without need for signature on its part, by sponsoring the Plan. This agreement to arbitrate will govern any claims under the Plan and takes precedence over any other agreement to arbitrate with the Company outside of the Plan.

(b) Arbitrable Claims. The Company and a Covered Person mutually consent to the resolution by arbitration of all claims or controversies (“Claims”), past, present or future. Claims include, but are not limited to, those (i) arising out of or relating to the Plan or any related documents, or seeking their enforcement or interpretation, (ii) alleging a breach, default, or misrepresentation related to any of the above, or (iii) alleging a Claim for Stock or a Claim for Damages. Claims shall be resolved under the Employment Arbitration Rules of JAMS, which are available at [www.jamsadr.com](http://www.jamsadr.com) (“JAMS Rules”) or from the Company at the request of any Covered Person; provided, however, that notwithstanding any provision of the JAMS Rules, a court of competent jurisdiction (and not an arbitrator) shall resolve any dispute about the formation, validity, or enforceability of any provision of this arbitration agreement. All parties waive any right to a court or jury trial on any Claim. Nothing in this arbitration agreement prevents a Covered Person from filing or recovering pursuant to a complaint, charge, or other communication with any federal, state, or local governmental or law enforcement agency.

(c) Persons Entitled to Arbitrate. This arbitration agreement applies to and may be invoked by any Covered Person, and the Company, its affiliated companies, the shareholders, owners, directors, employees or agents of any such company, and all successors and assigns of any of them.

(d) Individualized Dispute Resolution. Notwithstanding any provision of the JAMS Rules, arbitration shall occur on an individual basis only. To the maximum extent permitted by law (after application of Federal Arbitration Act preemption principles), a Covered Person and all other parties waive the right to initiate, participate in, or recover through, any class or collective action.

(e) Costs and Fees. To the maximum extent permitted by law, the arbitrator shall award the prevailing party its costs and reasonable attorney’s fees; provided, however, that the arbitrator at all times shall apply the law for the shifting of costs and fees that a court would apply to the claim(s) asserted.

(f) Applicable Law. Notwithstanding Section XIII(d) below, the Federal Arbitration Act (“FAA”) shall govern this arbitration agreement. If for any reason the FAA does not apply, then the applicable arbitration law shall be that of the state in which a Covered Person renders or last rendered services to the Company.

(g) Severability. If any provision of this Article XII is found to be void or unenforceable, that provision shall be severed while leaving the balance of this Article XII intact.

### **XIII. GENERAL PROVISIONS**

(a) The Plan shall terminate upon the earlier of (i) January 3, 2030 or (ii) the date on which all shares available for issuance under the Plan and any Sub-Plan shall have been sold pursuant to purchase rights exercised under the Plan and any Sub-Plan, except for the dispute resolution provisions in Article XII above, which shall survive and continue after the termination of the Plan.

(b) All costs and expenses incurred in the administration of the Plan shall be paid by the Company.

(c) Neither the action of the Company in establishing the Plan, nor any action taken under the Plan by the Board or the Plan Administrator, nor any provision of the Plan itself shall be construed so as to grant any person the right to remain in the employ of the Company or any Affiliate for any period of specific duration, and such person’s employment may be terminated at any time, with or without cause.

(d) Except as provided by Section XII(f) above, the provisions of the Plan shall be governed by the laws of the State of California, without resort to that State’s conflicts-of-laws rules.

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO  
EXCHANGE ACT RULE 13a-14(a)/15d-14(a)  
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Charles H. Robbins, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Cisco Systems, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 16, 2021

/s/ Charles H. Robbins

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Charles H. Robbins  
Chairman and Chief Executive Officer  
(Principal Executive Officer)

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO  
EXCHANGE ACT RULE 13a-14(a)/15d-14(a)  
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, R. Scott Herren, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Cisco Systems, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 16, 2021

/s/ R. Scott Herren

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R. Scott Herren

Executive Vice President and Chief Financial Officer  
(Principal Financial Officer)

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO  
18 U.S.C. SECTION 1350  
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Charles H. Robbins, do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- the Quarterly Report on Form 10-Q of the Company for the quarter ended January 23, 2021, as filed with the Securities and Exchange Commission (the “Report”), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 16, 2021

/s/ Charles H. Robbins

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Charles H. Robbins  
Chairman and Chief Executive Officer  
(Principal Executive Officer)

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO  
18 U.S.C. SECTION 1350  
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, R. Scott Herren, do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- the Quarterly Report on Form 10-Q of the Company for the quarter ended January 23, 2021, as filed with the Securities and Exchange Commission (the “Report”), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 16, 2021

/s/ R. Scott Herren

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R. Scott Herren

Executive Vice President and Chief Financial Officer  
(Principal Financial Officer)