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

FORM 10-K

(Mark one)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended July 28, 2012

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 0-18225

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

California (State or other jurisdiction of incorporation or organization)	**77-0059951** (IRS Employer Identification No.)
170 West Tasman Drive **San Jose, California** (Address of principal executive offices)	**95134-1706** (Zip Code)

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

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

Title of Each Class:	Name of Each Exchange on which Registered
Common Stock, par value $0.001 per share	The NASDAQ Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. ☒ Yes ☐ No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. ☐ Yes ☒ No

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). ☒ Yes ☐ No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

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

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	* (Do not check if a smaller reporting company)	Smaller reporting company	☐

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

Aggregate market value of registrant's common stock held by non-affiliates of the registrant, based upon the closing price of a share of the registrant's common stock on January 27, 2012 as reported by the NASDAQ Global Select Market on that date: $105,101,493,544

Number of shares of the registrant's common stock outstanding as of September 5, 2012: 5,290,061,557

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Proxy Statement relating to the registrant's 2012 Annual Meeting of Shareholders, to be held on November 15, 2012, are incorporated by reference into Part III of this Annual Report on Form 10-K where indicated.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Cisco Systems, Inc.:

In our opinion, the consolidated balance sheets and the related consolidated statements of operations, of cash flows and of equity listed in the accompanying index present fairly, in all material respects, the financial position of Cisco Systems, Inc. and its subsidiaries at July 28, 2012 and July 30, 2011, and the results of their operations and their cash flows for each of the three years in the period ended July 28, 2012 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule appearing under Item 15(a)(2) presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of July 28, 2012, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

PricewaterhouseCoopers LLP

San Jose, California
September 11, 2012

(d) Preferred Stock

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

(e) Comprehensive Income

The components of comprehensive income, net of tax, are as follows (in millions):

Years Ended	July 28, 2012	July 30, 2011	July 31, 2010
Net income	**$ 8,041**	$ 6,490	$ 7,767
Net change in unrealized gains/losses on available-for-sale investments:			
Change in net unrealized (losses) gains, net of tax benefit (expense) of $6, $(151), and $(199) for fiscal 2012, 2011, and 2010, respectively	**(31)**	281	334
Net (gains) losses reclassified into earnings, net of tax effects of $36, $68, and $17 for fiscal 2012, 2011, and 2010, respectively	**(65)**	(112)	(151)
	(96)	169	183
Net change in unrealized gains/losses on derivative instruments:			
Change in derivative instruments, net of tax benefit (expense) of $0, $0 and $(9) for fiscal 2012, 2011, and 2010, respectively	**(131)**	87	46
Net losses (gains) reclassified into earnings	**72**	(108)	2
	(59)	(21)	48
Net change in cumulative translation adjustment and other, net of tax benefit (expense) of $36, $(34), and $(9) for fiscal 2012, 2011, and 2010, respectively	**(496)**	538	(55)
Comprehensive income	**7,390**	7,176	7,943
Comprehensive loss (income) attributable to noncontrolling interests	**18**	(15)	12
Comprehensive income attributable to Cisco Systems, Inc.	**$ 7,408**	$ 7,161	$ 7,955

The components of AOCI, net of tax, are summarized as follows (in millions):

	July 28, 2012	July 30, 2011	July 31, 2010
Net unrealized gains on investments	**$ 409**	$ 487	$ 333
Net unrealized (losses) gains on derivative instruments	**(53)**	6	27
Cumulative translation adjustment and other	**305**	801	263
Total	**$ 661**	$ 1,294	$ 623

14. Employee Benefit Plans

(a) Employee Stock Incentive Plans

Stock Incentive Plan Program Description As of July 28, 2012, the Company had five stock incentive plans: the 2005 Stock Incentive Plan (the "2005 Plan"); the 1996 Stock Incentive Plan (the "1996 Plan"); the 1997 Supplemental Stock Incentive Plan (the "Supplemental Plan"); the Cisco Systems, Inc. SA Acquisition Long-Term Incentive Plan (the "SA Acquisition Plan"); and the Cisco Systems, Inc. WebEx Acquisition Long-Term Incentive Plan (the "WebEx Acquisition Plan"). In addition, the Company has, in connection with the 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 the Company and provide incentives for them to remain with the Company. The number and frequency of share-based awards are based on competitive practices, operating results of the Company, government regulations, and other factors. Since the inception of the stock incentive plans, the Company has granted share-based awards to a significant percentage of its employees, and the majority has been granted to employees below the vice president level. The Company's primary stock incentive plans are summarized as follows:

2005 Plan As amended on November 15, 2007, the maximum number of shares issuable under the 2005 Plan over its term is 559 million shares plus the amount of any shares underlying awards outstanding on November 15, 2007 under the 1996 Plan, the SA Acquisition Plan, and the WebEx Acquisition Plan that are forfeited or are terminated for any other reason before being exercised or settled. If any awards granted under the 2005 Plan are forfeited or are terminated for any other reason before being exercised or settled, then the shares underlying the awards will again be available under the 2005 Plan.

Pursuant to an amendment approved by the Company's shareholders on November 12, 2009, the number of shares available for issuance under the 2005 Plan was reduced by 1.5 shares for each share awarded as a stock grant or a stock unit, and any shares underlying awards outstanding under the 1996 Plan, the SA Acquisition Plan, and the WebEx Acquisition Plan that expire unexercised at the end of their maximum terms become available for reissuance under the 2005 Plan. The 2005 Plan permits the granting of stock options, restricted stock, restricted stock units ("RSU"), the vesting of which may be performance-based or market-based along with the requisite service requirement, and stock appreciation rights to employees (including employee directors and officers), consultants of the Company and its subsidiaries and affiliates, and non-employee directors of the Company. Stock options and stock appreciation rights granted under the 2005 Plan have an exercise price of at least 100% of the fair market value of the underlying stock on the grant date and prior to November 12, 2009 have an expiration date no later than nine years from the grant date. The expiration date for stock options and stock appreciation rights granted subsequent to the amendment approved on November 12, 2009 shall be no later than 10 years from the grant date. The stock options will generally become exercisable for 20% or 25% of the option shares one year from the date of grant and then ratably over the following 48 or 36 months, respectively. Time-based stock grants and time-based RSUs will generally vest with respect to 20% or 25% of the shares or share units covered by the grant on each of the first through fifth or fourth anniversaries of the date of the grant, respectively. The Compensation and Management Development Committee of the Board of Directors has the discretion to use different vesting schedules. Stock appreciation rights may be awarded in combination with stock options or stock grants, and such awards shall provide that the stock appreciation rights will not be exercisable unless the related stock options or stock grants are forfeited. Stock grants may be awarded in combination with non-statutory stock options, and such awards may provide that the stock grants will be forfeited in the event that the related non-statutory stock options are exercised.

1996 Plan The 1996 Plan expired on December 31, 2006, and the Company can no longer make equity awards under the 1996 Plan. The maximum number of shares issuable over the term of the 1996 Plan was 2.5 billion shares. Stock options granted under the 1996 Plan have an exercise price of at least 100% of the fair market value of the underlying stock on the grant date and expire no later than nine years from the grant date. The stock options generally become exercisable for 20% or 25% of the option shares one year from the date of grant and then ratably over the following 48 or 36 months, respectively. Certain other grants have utilized a 60-month ratable vesting schedule. In addition, the Board of Directors, or other committees administering the 1996 Plan, have the discretion to use a different vesting schedule and have done so from time to time.

Supplemental Plan The Supplemental Plan expired on December 31, 2007, and the Company can no longer make equity awards under the Supplemental Plan. Officers and members of the Company's Board of Directors were not eligible to participate in the Supplemental Plan. Nine million shares were reserved for issuance under the Supplemental Plan.

Acquisition Plans In connection with the Company's acquisitions of Scientific-Atlanta, Inc. ("Scientific-Atlanta") and WebEx Communications, Inc. ("WebEx"), the Company adopted the SA Acquisition Plan and the WebEx Acquisition Plan, respectively, each effective upon completion of the applicable acquisition. These plans constitute assumptions, amendments, restatements, and renamings of the 2003 Long-Term Incentive Plan of Scientific-Atlanta and the WebEx Communications, Inc. Amended and Restated 2000 Stock Incentive Plan, respectively. The plans permit the grant of stock options, stock, stock units, and stock appreciation rights to certain employees of the Company and its subsidiaries and affiliates who had been employed by Scientific-Atlanta or its subsidiaries or WebEx or its subsidiaries, as applicable. As a result of the shareholder approval of the amendment and extension of the 2005 Plan, as of November 15, 2007, the Company will no longer make stock option grants or direct share issuances under either the SA Acquisition Plan or the WebEx Acquisition Plan.

(b) Employee Stock Purchase Plan

The Company has an Employee Stock Purchase Plan, which includes its subplan, the International Employee Stock Purchase Plan (together, the "Purchase Plan"), under which 471.4 million shares of the Company's common stock have been reserved for issuance as of July 28, 2012. 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 number of shares of the Company's stock at a discount of up to 15% of the lesser of the market value at the beginning of the offering period or the end of each 6-month purchase period. The Purchase Plan is scheduled to terminate on January 3, 2020. The Company issued 35 million, 34 million, and 27 million shares under the Purchase Plan in fiscal 2012, 2011, and 2010, respectively. As of July 28, 2012, 87 million shares were available for issuance under the Purchase Plan.

(c) Summary of Share-Based Compensation Expense

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

Years Ended	**July 28, 2012**	July 30, 2011	July 31, 2010
Cost of sales—product	**$ 53**	$ 61	$ 57
Cost of sales—service	**156**	177	164
Share-based compensation expense in cost of sales	**209**	238	221
Research and development	**401**	481	450
Sales and marketing	**588**	651	602
General and administrative	**203**	250	244
Share-based compensation expense in operating expenses	**1,192**	1,382	1,296
Total share-based compensation expense	**$ 1,401**	$ 1,620	$ 1,517

As of July 28, 2012, the total compensation cost related to unvested share-based awards not yet recognized was $2.0 billion, which is expected to be recognized over approximately 2.4 years on a weighted-average basis. The income tax benefit for share-based compensation expense was $335 million, $444 million, and $415 million for fiscal 2012, 2011, and 2010, respectively.

(d) Share-Based Awards Available for Grant

A summary of share-based awards available for grant is as follows (in millions):

Years Ended	July 28, 2012	July 30, 2011	July 31, 2010
Balance at beginning of fiscal year	**255**	295	253
Options granted	**—**	—	(4)
Restricted stock, stock units, and other share-based awards granted	**(95)**	(82)	(81)
Share-based awards canceled/forfeited/expired	**64**	42	123
Other	**(6)**	—	4
Balance at end of fiscal year	**218**	255	295

As reflected in the preceding table, for each share awarded as restricted stock or subject to a restricted stock unit award under the 2005 Plan, an equivalent of 1.5 shares was deducted from the available share-based award balance. For restricted stock units that were awarded with vesting contingent upon the achievement of future financial performance or market-based metrics, the maximum awards that can be achieved upon full vesting of such awards were reflected in the preceding table.

(e) 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 restricted stock, is as follows (in millions, except per-share amounts):

	Restricted Stock/ Stock Units	Weighted-Average Grant Date Fair Value per Share	Aggregated Fair Market Value
BALANCE AT JULY 25, 2009	62	$ 21.25	
Granted and assumed	54	23.40	
Vested	(16)	21.56	$ 378
Canceled/forfeited	(3)	22.40	
BALANCE AT JULY 31, 2010	97	22.35	
Granted and assumed	56	20.62	
Vested	(27)	22.54	$ 529
Canceled/forfeited	(10)	22.04	
BALANCE AT JULY 30, 2011	**116**	**21.50**	
Granted and assumed	**65**	**17.45**	
Vested	**(35)**	**21.94**	**$ 580**
Canceled/forfeited	**(18)**	**20.38**	
BALANCE AT JULY 28, 2012	**128**	**$ 19.46**	

(f) Stock Option Awards

A summary of the stock option activity is as follows (in millions, except per-share amounts):

	STOCK OPTIONS OUTSTANDING	
	Number Outstanding	Weighted-Average Exercise Price per Share
BALANCE AT JULY 25, 2009	1,004	$ 24.29
Granted and assumed	15	13.23
Exercised	(158)	17.88
Canceled/forfeited/expired	(129)	47.31
BALANCE AT JULY 31, 2010	732	21.39
Exercised	(80)	16.55
Canceled/forfeited/expired	(31)	25.91
BALANCE AT JULY 30, 2011	**621**	**21.79**
Assumed from acquisitions	**1**	**2.08**
Exercised	**(66)**	**13.51**
Canceled/forfeited/expired	**(36)**	**23.40**
BALANCE AT JULY 28, 2012	**520**	**$ 22.68**

The total pretax intrinsic value of stock options exercised during fiscal 2012, 2011, and 2010 was $333 million, $312 million, and $1.0 billion, respectively.

The following table summarizes significant ranges of outstanding and exercisable stock options as of July 28, 2012 (in millions, except years and share prices):

	STOCK OPTIONS OUTSTANDING				STOCK OPTIONS EXERCISABLE		
Range of Exercise Prices	Number Outstanding	Weighted-Average Remaining Contractual Life (in Years)	Weighted-Average Exercise Price per Share	Aggregate Intrinsic Value	Number Exercisable	Weighted-Average Exercise Price per Share	Aggregate Intrinsic Value
$ 0.01 – 15.00	10	4.10	$ 6.95	$ 92	9	$ 7.18	$ 82
15.01 – 18.00	83	2.12	17.79	—	83	17.79	—
18.01 – 20.00	150	0.93	19.31	—	150	19.31	—
20.01 – 25.00	143	2.87	22.75	—	141	22.76	—
25.01 – 35.00	134	4.08	30.64	—	129	30.67	—
Total	520	2.53	$ 22.68	$ 92	512	$ 22.65	$ 82

The aggregate intrinsic value in the preceding table represents the total pretax intrinsic value, based on the Company's closing stock price of $15.69 as of July 27, 2012, which would have been received by the option holders had those option holders exercised their stock options as of that date. The total number of in-the-money stock options exercisable as of July 28, 2012 was 10 million. As of July 30, 2011, 575 million outstanding stock options were exercisable and the weighted-average exercise price was $21.37.

(g) Valuation of Employee Share-Based Awards

The valuation of time-based RSU's and the underlying assumptions being used are summarized as follows:

	RESTRICTED STOCK UNITS	
Years Ended	**July 28, 2012**	July 30, 2011
Number of shares granted (in millions)	**62**	54
Weighted-average assumptions/inputs:		
Grant date fair value per share	**$ 17.26**	$ 20.59
Expected dividend	**1.5%**	0.3%

Prior to the initial declaration of a quarterly cash dividend on March 17, 2011, the fair value of time-based RSUs was measured based on the grant date share price, as the Company did not historically pay cash dividends on its common stock. For awards granted on or subsequent to March 17, 2011, the Company used the preceding assumptions, in addition to risk-free interest rates, to determine the grant date fair value of time-based restricted stock units.

In addition to the time-based RSUs in the preceding table, in fiscal 2012, the Company granted approximately 2 million performance-based stock unit awards ("PRSUs"), which are contingent on the achievement of the Company's financial performance metrics or its market-based returns. On the date of grant, the Company estimated the fair value of restricted stock units with market-based conditions using a Monte Carlo simulation model. The Company used the assumptions in the preceding table to determine the grant date fair value of restricted stock units with performance metrics conditions.

The valuation of employee stock purchase rights and the underlying assumptions being used are summarized as follows:

	EMPLOYEE STOCK PURCHASE RIGHTS		
Years Ended	**July 28, 2012**	July 30, 2011	July 31, 2010
Weighted-average assumptions:			
Expected volatility	**27.2%**	35.1%	34.8%
Risk-free interest rate	**0.2%**	0.9%	0.4%
Expected dividend	**1.5%**	0.0%	0.0%
Expected life (in years)	**0.8**	1.8	0.8
Weighted-average estimated grant date fair value per share	**$ 3.81**	$ 6.31	$ 5.03

The valuation of employee stock options and the underlying assumptions being used are summarized as follows:

Year Ended	July 31, 2010
Weighted-average assumptions:	
Expected volatility	30.5%
Risk-free interest rate	2.3%
Expected dividend	0.0%
Kurtosis	4.1
Skewness	0.20
Weighted-average expected life (in years)	5.1
Weighted-average estimated grant date fair value per option	$ 6.50

The valuation of employee stock purchase rights and the related assumptions are for the employee stock purchases made during the respective fiscal years. The valuation of employee stock options and the related assumptions are for awards granted during the indicated fiscal year.

The Company uses third-party analyses to assist in developing the assumptions used in, as well as calibrating, its lattice-binomial and Black-Scholes models. The Company is responsible for determining the assumptions used in estimating the fair value of its share-based payment awards.

The Company used the implied volatility for traded options (with contract terms corresponding to the expected life of the employee stock purchase rights) on the Company's stock as the expected volatility assumption required in the Black-Scholes model. The implied volatility is more representative of future stock price trends than historical volatility. The risk-free interest rate assumption is based upon observed interest rates appropriate for the term of the Company's employee stock purchase rights. The dividend yield assumption is based on the history and expectation of dividend payouts at the grant date. Prior to the initial declaration of a quarterly cash dividend on March 17, 2011, the expected dividend yield was 0% as the Company did not historically pay cash dividends on its common stock. For awards granted on or subsequent to March 17, 2011, the Company used an annualized dividend yield based on the then current per-share dividend declared by its Board of Directors.

The use of the lattice-binomial model requires extensive actual employee exercise behavior data for the relative probability estimation purpose, and a number of complex assumptions as presented in the preceding table. The estimated kurtosis and skewness are technical measures of the distribution of stock price returns, which affect expected employee stock option exercise behaviors, and are based on the Company's stock price return history as well as consideration of various academic analyses. The expected life of employee stock options is a derived output of the lattice-binomial model, which represents the weighted-average period the stock options are expected to remain outstanding.

(h) Employee 401(k) Plans

The Company sponsors the Cisco Systems, Inc. 401(k) Plan (the "Plan") to provide retirement benefits for its employees. As allowed under Section 401(k) of the Internal Revenue Code, the Plan provides for tax-deferred salary contributions and after-tax contributions for eligible employees. The Plan allows employees to contribute from 1% to 75% of their annual compensation to the Plan on a pretax and after-tax basis, and effective January 1, 2011, the Plan also allows employees to make Roth contributions. Employee contributions are limited to a maximum annual amount as set periodically by the Internal Revenue Code. The Company matches pretax employee contributions up to 100% of the first 4.5% of eligible earnings that are contributed by employees. Therefore, the maximum matching contribution that the Company may allocate to each participant's account will not exceed $11,250 for the 2012 calendar year due to the $250,000 annual limit on eligible earnings imposed by the Internal Revenue Code. All matching contributions vest immediately. The Company's matching contributions to the Plan totaled $231 million, $239 million, and $210 million in fiscal 2012, 2011, and 2010, respectively.

The Plan allows employees who meet the age requirements and reach the Plan contribution limits to make a catch-up contribution not to exceed the lesser of 75% of their eligible compensation or the limit set forth in the Internal Revenue Code. The catch-up contributions are not eligible for matching contributions. In addition, the Plan provides for discretionary profit-sharing contributions as determined by the Board of Directors. Such contributions to the Plan are allocated among eligible participants in the proportion of their salaries to the total salaries of all participants. There were no discretionary profit-sharing contributions made in fiscal 2012, 2011, or 2010.

The Company also sponsors other 401(k) plans that arose from acquisitions of other companies. The Company's contributions to these plans were not material to the Company on either an individual or aggregate basis for any of the fiscal years presented.

(i) Deferred Compensation Plans

The Cisco Systems, Inc. Deferred Compensation Plan (the "Deferred Compensation Plan"), a nonqualified deferred compensation plan, became effective in 2007. As required by applicable law, participation in the Deferred Compensation Plan is limited to a select group of the Company's management employees. Under the Deferred Compensation Plan, which is an unfunded and unsecured deferred compensation arrangement, a participant may elect to defer base salary, bonus, and/or commissions, pursuant to such rules as may be established by the Company, up to the maximum percentages for each deferral election as described in the plan. The Company may also, at its discretion, make a matching contribution to the employee under the Deferred

EXECUTIVE COMPENSATION AND RELATED INFORMATION

Compensation Discussion and Analysis

Introduction

The following discussion describes and analyzes Cisco's compensation program for its named executive officers. Cisco's named executive officers for fiscal 2012 are the CEO, the CFO, and the three most highly compensated executive officers (other than the CEO and CFO), who were serving as executive officers at the end of fiscal 2012. The named executive officers are John T. Chambers, Chairman and CEO; Frank A. Calderoni, Executive Vice President, CFO; Gary B. Moore, Executive Vice President, Chief Operating Officer; Robert W. Lloyd, Executive Vice President, Worldwide Operations; and Wim Elfrink, Executive Vice President, Emerging Solutions and Chief Globalisation Officer.

In this Compensation Discussion and Analysis, we first provide an *Executive Summary* with highlights of the full CD&A. Next, we cover Cisco's *Compensation Philosophy and Objectives* on pages 36 and 37. We then discuss the *Compensation Process* the Compensation Committee follows in deciding how to compensate Cisco's named executive officers beginning on page 38, and provide a brief overview of the *Compensation Components and Targets* of Cisco's compensation program on page 39. Finally, we engage in a detailed discussion and analysis of the Compensation Committee's specific decisions about the named executive officers' *Fiscal 2012 Compensation* starting on page 40 and, to the extent that it is pertinent to a fair understanding of fiscal 2012 compensation, the Compensation Committee's *Fiscal 2013 Compensation Approach* on page 45.

Executive Summary

- *Cisco's Fiscal 2012 Financial Performance and Executive Compensation*

  In fiscal 2012, Cisco began to see the results of its plan to simplify and focus its operational model with a record year in revenue and earnings per share. Cisco's revenue increased 7%, operating income increased 31%, operating cash flow increased 14% and earnings per share increased 27% from fiscal 2011. In addition, total shareholder return ("TSR") based on 30 trading day averages improved in fiscal 2012, and Cisco ranked at the 73 rd percentile of the companies that comprise the S&P 500 Information Technology Index. Cisco's quarterly cash dividend for each of Cisco's first and second quarters in fiscal 2012 was $0.06 per share and for each of Cisco's third and fourth quarters in fiscal 2012 was $0.08 per share. Cisco also increased its quarterly cash dividend by 75% to $0.14 per share for the first quarter of fiscal 2013.

  Set forth below are tables that display Cisco's financial performance and the cash incentive compensation, grants of time-based restricted stock units and PRSUs, and total direct compensation (annual base salary, variable cash incentive awards and long-term, equity-based incentive awards) for each named executive officer for fiscal 2012 as compared to fiscal 2011 and fiscal 2010. Cisco's variable cash incentive awards for the named executive officers are determined and paid under the EIP. At the beginning of fiscal 2012, Cisco granted to executive officers (other than the CEO) approximately 25% of their target value of long-term, equity-based incentive awards for fiscal 2012 as restricted stock units with time-based vesting and approximately 75% of such target value as restricted stock units based on the achievement of three-year financial performance goals. Cisco granted to the CEO 100% restricted stock units based on the achievement of financial performance goals. The value of these equity awards was targeted at the median of the Initial Peer Group.

Cisco's Fiscal 2012 Financial Performance Compared to Fiscal 2011 and Fiscal 2010

	Fiscal 2010	Fiscal 2011	Fiscal 2012
Worldwide Revenue Under the EIP* (in billions)	$ 39.6	$ 43.2	$ 46.1
Results—Percentage of EIP Target	110%	99%	102%
Worldwide Operating Income Under the EIP* (in billions)	$ 11.6	$ 11.3	$ 12.7
Results—Percentage of EIP Target	121%	99%	106%
Worldwide Operating Cash Flow for PRSUs* (in billions)	N/A	N/A	$ 11.5
Results—Percentage of PRSU Target	N/A	N/A	111%
Earnings Per Share for PRSUs	N/A	$ 1.62	$ 1.85
Results—Percentage of PRSU Target	N/A	101%	106%

* Cisco's worldwide revenue and operating income for purposes of the EIP and earnings per share for purposes of the PRSUs were Cisco's GAAP revenue and operating income, respectively, each excluding the applicable items listed on pages 41 and 43. Cisco's worldwide operating cash flow for purposes of the PRSUs was Cisco's GAAP operating cash flow.

Variable Cash Incentive Awards

	Fiscal 2010 Variable Cash Incentive Award	Fiscal 2011 Variable Cash Incentive Award	Fiscal 2012 Variable Cash Incentive Award
John T. Chambers	$ 4,600,000	$ 0	$ 3,953,376
Frank A. Calderoni	$ 1,530,000	$ 0	$ 1,402,380
Gary B. Moore	N/A	$ 0	$ 2,220,064
Robert W. Lloyd	$ 1,640,000	$ 0	$ 1,677,291
Wim Elfrink*	$ 1,600,000	$ 0	$ 1,352,608

* Mr. Elfrink's cash incentive awards are paid in euros. The conversion rate from euros to U.S. dollars for each award is based on the exchange rate referenced by the Compensation Committee when the award was made.

Long-Term, Equity-Based Incentive Awards

The amounts below represent the compensation values attributable to the time-based restricted stock units granted to the named executive officers in fiscal 2010, fiscal 2011 and fiscal 2012 and the PRSUs granted to the named executive officers in fiscal 2012. The PRSUs for fiscal 2012 are reflected at their target grant value when awarded to the named executive officers. The values shown for fiscal 2012 may be greater or smaller depending upon the satisfaction of the performance goals at the end of the three-year performance period. The amounts below for fiscal 2012 and fiscal 2011 differ from the amounts disclosed pursuant to SEC rules under "Stock Awards" in the Summary Compensation Table below. For fiscal 2011, the amounts below do not include the grant value of the PRSU rights that were forfeited and resulted in no actual value. For fiscal 2012, please refer to the "Long-Term, Equity-Based Incentive Awards" section below in this CD&A for a detailed explanation of the difference between the amounts below and the amounts disclosed in the Summary Compensation Table.

	Fiscal 2010 Equity Award Grant Value	Fiscal 2011 Equity Award Grant Value*	Fiscal 2012 Equity Award Grant Value*
John T. Chambers	$13,878,638	$6,250,050	$9,919,910
Frank A. Calderoni	$ 7,930,650	$3,618,450	$3,672,290
Gary B. Moore	N/A	$6,900,450	$5,281,167
Robert W. Lloyd	$ 7,930,650	$3,618,450	$4,878,472
Wim Elfrink	$ 9,913,313	$3,618,450	$4,158,293

* These amounts should not be considered a substitute for the amounts disclosed in the Summary Compensation Table.

Total Direct Compensation
(Annual Base Salary, Variable Cash Incentive Awards and Long-Term, Equity-Based Incentive Awards)

	Fiscal 2010 Total Direct Compensation	Fiscal 2011 Total Direct Compensation	Fiscal 2012 Total Direct Compensation
John T. Chambers	$18,853,638	$ 6,625,050	$14,248,286
Frank A. Calderoni	$10,060,650	$ 4,248,450	$ 5,704,670
Gary B. Moore	N/A	$ 7,600,258	$ 8,301,231
Robert W. Lloyd	$10,210,650	$ 4,303,450	$ 7,240,763
Wim Elfrink	$12,274,793	$ 4,467,833	$ 6,240,070

Individual and aggregate total direct compensation for the named executive officers are approximately between the 50th and the 75th percentile of the Updated Peer Group and the total direct compensation for the CEO is slightly below the median of the Updated Peer Group in fiscal 2012. More than 95% of target total direct compensation for the CEO was performance-based.

- *Executive Compensation Philosophy* . Cisco's executive officers are compensated in a manner consistent with Cisco's strategy, competitive practice, sound compensation governance principles and shareholder interests and concerns. The core of Cisco's executive compensation philosophy continues to be to pay for performance, as discussed in greater detail below.
- *Compensation Governance* . The core of Cisco's executive compensation continues to be pay for performance, and the framework includes the compensation governance features discussed below:
  - Cisco's executive officers have no employment or severance agreements, special benefits, supplemental executive retirement plans, perquisites, tax gross-ups, or international tax-equalization payments other than in the limited instances described below that are for business-related purposes or in connection with an executive officer on international assignment.
  - Cisco's informed and accessible Compensation Committee is comprised solely of independent directors that, as noted in the "Shareholder Communications with the Board of Directors" section of this Proxy Statement, has established effective means for communicating with shareholders regarding their executive compensation ideas and concerns, including the opportunity for shareholders to cast a non-binding advisory vote regarding executive compensation at Cisco's annual shareholders meetings.
  - The Compensation Committee's independent compensation consultant, FWC, is retained directly by the Committee and performs no other consulting or other services for Cisco.
  - Cisco's compensation philosophy and related governance features are complemented by specific elements designed to align Cisco's executive compensation with long-term shareholder interests, including:
    - prohibitions on executive officers engaging in any speculative transactions in Cisco securities, including engaging in short sales, engaging in transactions involving put options, call options or other derivative securities, or engaging in any other forms of hedging transactions, such as collars or forward sale contracts; and
    - prohibitions on executive officers holding Cisco securities in margin accounts, with limited exceptions, or pledging Cisco securities as collateral for a loan, unless otherwise approved by designated members of Cisco's senior management in consultation with the chair of the Compensation Committee.

  Compensation decisions and other details are discussed in the remainder of this CD&A.

Compensation Philosophy and Objectives

The Compensation Committee believes that the compensation programs for Cisco's named executive officers should be designed to attract, motivate and retain talented executives responsible for the success of Cisco and should be determined within a framework that rewards performance. Within this overall philosophy, the Compensation Committee's objectives continue to be:

- To offer a total compensation program that is flexible to adapt to evolving regulatory requirements and changing economic and social conditions and takes into consideration the compensation practices of peer companies identified based on an objective set of criteria;
- To provide annual variable cash incentive awards based on Cisco's satisfaction of designated financial and non-financial objectives; and
- To align the financial interests of executive officers with those of shareholders by providing appropriate long-term, equity-based incentives and retention awards that encourage a culture of ownership consistent with established stock ownership guidelines with at least 75% of the total equity-based incentives based on Cisco's satisfaction of designated financial objectives.

There are three major components of the compensation of our named executive officers: base salary, variable cash incentive awards and long-term, equity-based incentive awards. The weighting among the three major components is structured heavily toward the two performance-based components, such that if target levels for cash and equity-based incentive awards are achieved, more than 70% of the three major components of compensation for each named executive officer is performance-based.

In addition, no named executive officer has an employment or severance agreement, is subject to a supplemental executive retirement plan, or received special benefits, perquisites, tax gross-ups, or tax-equalization payments other than, in limited instances, those arrangements that are for business-related purposes or are in connection with an executive officer on international assignment as described under "Group Benefits/Perquisites" below in this CD&A. Also, Cisco has arrangements that would accelerate vesting of equity awards in the case of death or terminal illness of the named executive officer or if Cisco is acquired under certain limited circumstances described under "Potential Payments upon Termination or Change in Control" below.

As noted above, a core element of Cisco's compensation philosophy is to align the interests of executive officers with those of shareholders by providing appropriate long-term incentives. To further this goal, Cisco has maintained its current policy regarding minimum ownership of shares by Cisco's executive officers since July 2008. These minimum ownership requirements call for Cisco's CEO to own shares of Cisco's common stock having a value equal to at least five times the CEO's base annual salary and for each other executive officer to own shares of Cisco's common stock having a value equal to at least three times the executive officer's base annual salary. The CEO and each other executive officer have five years from the later of the date of their respective appointment or the date of adoption of these requirements to attain their minimum ownership level. As of September 17, 2012, our CEO and all but one of our other executive officers are currently exceeding the minimum stock ownership requirements in advance of the required time frame and the remaining executive officer currently holds over 2 times his base salary in Cisco common stock. Our CEO holds over 100 times his fiscal 2012 base salary in Cisco common stock and over 30 times the median CEO base annual salary of our peer group.

Since March 2008, Cisco has maintained a recoupment policy for cash incentive awards paid to executive officers under Cisco's annual cash incentive plan, the EIP. In the event of a restatement of incorrect financial results, this policy would enable the Compensation Committee, if it determined appropriate and subject to applicable laws, to seek reimbursement of the incremental portion of EIP awards paid to executive officers in excess of the awards that would have been paid based on the restated financial results. Cisco's variable cash incentive and long-term, equity-based incentive award plans also generally provide for forfeiture if a named executive officer participates in activities detrimental to Cisco or is terminated for misconduct.

The Compensation Committee is very interested in the ideas and concerns of our shareholders regarding executive compensation. An advisory vote regarding executive compensation was presented to shareholders for the second time at last year's annual meeting of shareholders and approved by approximately 96% of shareholder votes. Considering this outcome, the Compensation Committee has determined that it would continue to apply the same philosophy and guiding principles to its fiscal 2012 executive compensation program. Further, at Cisco's 2011 annual meeting of shareholders, approximately 90% of affirmative votes by shareholders supported an annual advisory vote proposal to approve the compensation of our named executive officers as the preferred frequency. In light of this outcome, the Board of Directors determined to hold a non-binding advisory vote to approve executive compensation each year until the next required vote on the frequency of such advisory votes to approve executive compensation. Accordingly, it is expected that shareholders will be given an opportunity to cast an advisory vote to approve executive compensation annually with the next required vote on the frequency of such advisory votes occurring at Cisco's 2017 annual meeting of shareholders.

The Compensation Committee's annual review and approval of Cisco's compensation philosophy and strategy includes the review of compensation-related risk management. In this regard, the Compensation Committee reviews Cisco's executive compensation program, including the annual variable cash incentive plan and long-term, equity-based incentive awards, and does not believe that the compensation program creates risks that are reasonably likely to have a material adverse effect on Cisco. As part of this review, the Compensation Committee evaluates the need to engage independent consultants for specific assignments and did engage FWC during fiscal 2012 to deliver a report and assist with the risk assessment of Cisco's executive compensation program. FWC advised that Cisco's executive compensation program provides an appropriate pay philosophy, peer group, and market positioning to support business objectives with meaningful risk mitigants. FWC also advised that Cisco's executive compensation program provides an effective balance in cash and equity mix, short- and long-term performance focus, corporate, business unit and individual performance focus, and financial and non-financial performance measurement and discretion.

Compensation Process

The Compensation Committee begins its process of deciding how to compensate Cisco's named executive officers by considering the competitive market data provided by its independent compensation consultant and Cisco's human resources staff. The Compensation Committee engaged FWC to provide advice and recommendations on competitive market practices and specific compensation decisions. For purposes of evaluating competitive practices, the Compensation Committee, with assistance from FWC, identified criteria to select a list of companies which comprise Cisco's peer group.

Two peer groups were used in fiscal 2012. The first peer group was established in March 2011 (the "Initial Peer Group") and, along with a study of Initial Peer Group data prepared by FWC in June 2011, was used to establish most compensation targets and guide decisions prior to March 2012. The Initial Peer Group was updated in March 2012 (the "Updated Peer Group") and, along with a study of Updated Peer Group data prepared by FWC in May 2012, was used for compensation decisions thereafter and for fiscal 2012 year-end compensation benchmarking.

The Initial Peer Group consisted of a "primary peer group" portion and a "secondary peer group" portion. The primary peer group portion consisted of major information technology companies with related Global Industrial Classification System (GICS) codes, three-year rolling average market capitalizations greater than $15 billion (based on the three-year quarterly average) and revenues greater than $5 billion. It was primarily used to inform the Compensation Committee of pay levels and practices most relevant for the labor-market in which Cisco competes. The secondary peer group portion consisted of general-industry peers (excluding retail, media, energy, utilities and financial services companies where there are typically different basic pay models), with three-year rolling average market capitalizations of $60 billion or greater (based on the three-year quarterly average), and it was primarily used to provide the Compensation Committee with supplemental information on pay levels and practices of the overall market and best practices.

The members of the Initial Peer Group and Updated Peer Group are set forth below. Similar to the Initial Peer Group, the Updated Peer Group consists of a "primary peer group" portion and a "secondary peer group" portion. However, the selection criteria for Cisco's Updated Peer Group are generally the same as the Initial Peer Group, except the market capitalization threshold for both the primary and secondary peer groups were increased by $5 billion ($20 billion for the primary peer group and $65 billion for the secondary peer group) to delete smaller peers (Applied Materials, Yahoo! and UPS) and to prevent the inclusion of smaller companies that would have been added if the market capitalization threshold were not increased (Broadcom, Cognizant and Motorola Solutions).

Primary Peer Group

Accenture	Dell	IBM	Qualcomm
ADP	eBay	Intel	Texas Instruments
Apple	EMC	MasterCard	Visa
Applied Materials*	Google	Microsoft	Yahoo!*
Corning	Hewlett-Packard	Oracle	

Secondary Peer Group

Abbott Labs	Johnson & Johnson	Pfizer	United Technologies
AT&T	Merck	Philip Morris International	UPS*
Coca-Cola	Pepsico	Procter & Gamble	Verizon
General Electric			

* As stated above, Applied Materials, Yahoo! and UPS no longer fit the peer group selection criteria and are not part of the Updated Peer Group.

For competitive benchmarking purposes, the positions of Cisco's named executive officers were compared to their counterpart positions in the peer group, and the compensation levels for comparable positions in the peer group were examined for guidance in determining base salaries, variable cash incentive awards and long-term, equity-based incentive awards.

The Compensation Committee retains and does not delegate any of its exclusive power to determine all matters of executive compensation and benefits, although from time to time it seeks input and recommendations from the CEO and the Human Resources Department. The Compensation Committee reports to the Board of Directors on the major items covered at each Compensation Committee meeting. FWC has worked directly with the Compensation Committee (and not on behalf of management) to assist the Compensation Committee in satisfying its responsibilities and will undertake no projects for management except at the request of the Compensation Committee chair and in the capacity of the Compensation Committee's agent where such projects are in direct support of the Compensation Committee's charter. No work performed by FWC during fiscal 2012 raised any conflict of interest.

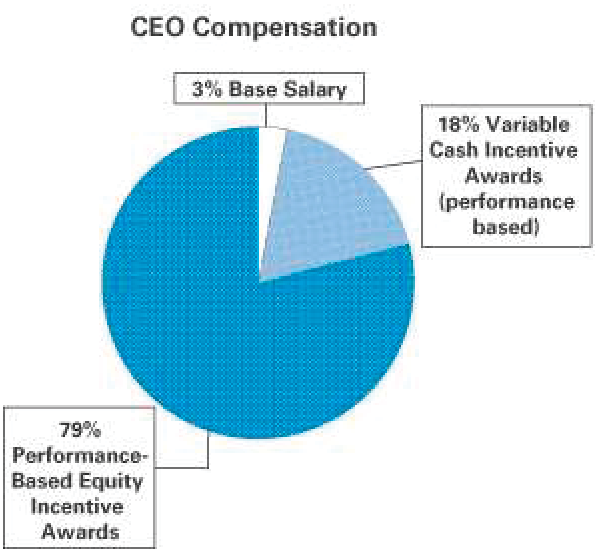
In determining executive compensation, the Compensation Committee also considers, among other factors, the possible tax consequences to Cisco and to its executives. To maintain maximum flexibility in designing compensation programs, the Compensation Committee, while considering company tax deductibility as one of its factors in determining compensation, will not limit compensation to those levels or types of compensation that are intended to be deductible. For example, the cash incentive awards paid to named executive officers and the PRSUs awarded to named executive officers for fiscal 2012 are intended to comply with the exemption for performance-based compensation under Code Section 162(m), but the restricted stock units with time-based vesting granted to the named executive officers in fiscal 2012 are subject to the deduction limits of that section. Please see Proposal No. 2, which amends and restates the EIP, subject to shareholder approval, as required every five years by Code Section 162(m).

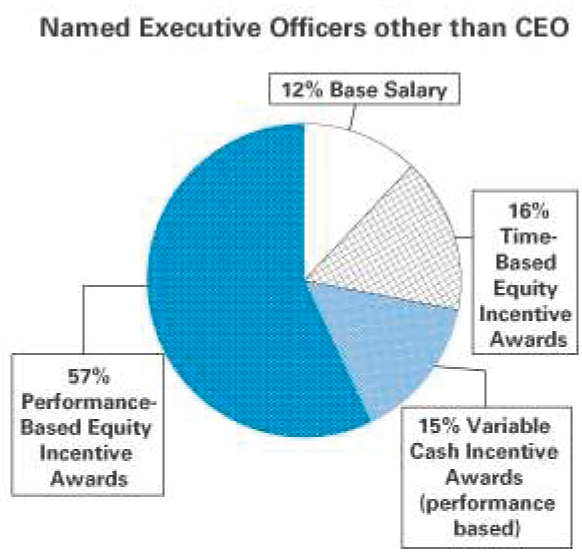
The Compensation Committee considers the accounting consequences to Cisco of different compensation decisions and the impact on shareholder dilution; however, neither of these factors by themselves will compel a particular compensation decision.

The Compensation Committee annually grants long-term, equity-based incentive awards to executive officers after the close of the prior fiscal year and the review and evaluation of each executive officer's performance. The Compensation Committee's policy is to generally grant equity awards only during open trading windows and to establish grant dates in advance, generally establishing those dates near the beginning of each fiscal year.

Compensation Components and Targets

The three major elements of Cisco's executive officer compensation are: (i) base salary, (ii) variable cash incentive awards, and (iii) long-term, equity-based incentive awards. For fiscal 2012, approximately 72% of target total direct compensation for the named executive officers other than the CEO, consisting of annual base salary, variable cash incentive awards and long-term, equity-based incentive awards, was performance-based, reflecting Cisco's core compensation philosophy to pay for performance. More than 95% of target total direct compensation for the CEO was performance-based.





For the named executive officers, the Compensation Committee decided that for fiscal 2012, it would target individual base salaries and at-target cash and equity incentive awards with reference to the 50th percentile of the Updated Peer Group. However, the compensation philosophy for Cisco's CEO has been to set his base salary significantly below the 50th percentile of the Updated Peer Group in consideration of Mr. Chambers' long-standing request that a greater percentage of his total cash compensation be tied to Cisco performance.

The Compensation Committee believes that its compensation targets are appropriate in light of Cisco's historical performance relative to its Initial and Updated Peer Groups and the compensation of Cisco's named executive officers relative to the named executive officers of its Initial and Updated Peer Groups.

Fiscal 2012 Compensation

Base Salary . Mr. Chambers' annual base salary was set at $375,000, which is well below the 25 th percentile of the Initial Peer Group in fiscal 2012 and has remained unchanged since fiscal 2008. Cisco usually establishes base salaries at the beginning of its fiscal year and based on fiscal 2011 performance, the base salaries for the other named executive officers remained unchanged from fiscal 2011, resulting in base salaries being generally targeted at the median of the Updated Peer Group, with the base salaries of Mr. Calderoni, Mr. Moore and Mr. Lloyd below the median.

Variable Cash Incentive Awards . The Compensation Committee believes that the primary portion of the annual at-target cash compensation of each named executive officer should be in the form of variable cash incentive pay. Typically, the pay philosophy is to target annual cash compensation with reference to the 50 th percentile of the peer group, with the opportunity to earn annual incentives in excess of that level based on achieving performance superior to the objectives the Compensation Committee has determined to reward. Annual cash incentives are paid to reward achievement of critical shorter-term operating, financial, strategic and individual measures and goals that are expected to contribute to shareholder value creation over time.

Performance measures and goals for determining annual cash incentive awards for named executive officers for fiscal 2012 were pre-established under Cisco's EIP and were intended to comply with the exemption for performance-based compensation under Code Section 162 (m). The pre-established performance goals are based on Cisco's achievement of established financial performance goals, customer satisfaction criteria and the executive's individual contribution. The Compensation Committee established the annual financial performance goals so that they were consistent with the annual goals in Cisco's fiscal 2012 financial plan established by the Board of Directors. The fact that the financial goals were not achieved at target levels in two out of the last four fiscal years reflects the general degree of difficulty that Cisco has experienced in satisfying the financial performance goals established by the Compensation Committee under the EIP from fiscal year to fiscal year.

For each named executive officer, other than for the CEO, the cash incentive awards under the EIP are calculated by multiplying the individual's annual base salary in effect at the beginning of the fiscal year by the individual's target award percentage, and multiplying the result by a company performance factor (CPF), a customer satisfaction factor (CSF), and an individual performance factor (IPF), as follows:

BONUS = BASE x TARGET x CPF x CSF x IPF

The CEO's cash incentive award is calculated using the median CEO base salary of the Initial Peer Group which was $1,200,000. The median CEO base salary of the Initial Peer Group was used because Mr. Chambers' actual base salary is significantly below the 25 th percentile and therefore, the Compensation Committee believed that it was necessary to use the median CEO base salary of the Initial Peer Group to design effective incentives. With that exception, Mr. Chambers' cash incentive award under the EIP is calculated in the same manner as for the other named executive officers.

At the beginning of fiscal 2012, a target award was established for each of the named executive officers and such target award was set at 185% of the median CEO base salary of the Initial Peer Group for the CEO and 125% of their respective annual base salaries for the other named executive officer.

Unlike fiscal 2011, the company performance factor for fiscal 2012 was determined over an annual performance period, not two consecutive six-month performance periods. Due to greater certainty about the economy at the beginning of fiscal 2012, the Compensation Committee returned to its normal practice of using annual EIP goals. The annual company performance factor for fiscal 2012 was set within the first 90 days of fiscal 2012 and ranged from 0.0 to 1.37. The Compensation Committee retained negative discretion to reduce the company performance factor.

The customer satisfaction factor was set at a maximum of 1.12, and the individual performance factor was set at a maximum of 2.0. The Compensation Committee retained negative discretion to reduce the customer satisfaction and individual performance factors for each named executive officer. In considering the appropriate individual performance factor for each named executive officer, the Compensation Committee considers the named executive officer's leadership, strategic planning, implementation, innovation and contributions to Cisco's achievement of its financial goals. The Compensation Committee uses its business judgment in reviewing each of these individual items and does not assign specific quantitative weighting to such items. The target for each of these two factors was 1.0. The maximum bonus under this EIP formula is 307% of target assuming maximum company performance, customer satisfaction and individual performance factors. However, the Compensation Committee limited the maximum bonuses under the EIP to 300% of target, or 555% of the median CEO base salary of the Initial Peer Group (300% x 185% of median CEO base salary of the Initial Peer Group) for the CEO and 375% of base salary (300% x 125% of base salary) for the other named executive officers.

Worldwide revenue and operating income growth were used as the company performance factor for the performance period because they most directly align with Cisco's growth strategy and generally represent the best correlation with shareholder value. The company performance factor and the individual performance factor are considered the most important factors in the EIP formula and, therefore, can range from 0 to 2.0. The customer satisfaction factor uses a narrower range (from 1.0 to 1.12) compared to the company performance and individual factors because it is viewed as correlated with Cisco's broader company performance factor.

For fiscal 2012, the worldwide revenue target for purposes of the EIP was $45.0 billion and the actual result was $46.1 billion and the operating income target was $12.0 billion and the actual result was $12.7 billion. As a point of reference, actual fiscal 2011 revenue was $43.2 billion and actual fiscal 2011 operating income was $11.3 billion, each as calculated for purposes of the EIP.

This resulted in a total fiscal 2012 company performance factor of 1.06, reflecting above target achievement of the company performance factor.

Worldwide revenue and operating income each were calculated for purposes of the EIP in accordance with pre-established rules. Worldwide revenue was Cisco's GAAP worldwide revenue excluding the effects of business combinations subject to a pre-established threshold. Operating income was Cisco's GAAP operating income excluding the following: share-based compensation expense; compensation expense related to acquisitions and investments; changes in estimates of contingent consideration related to acquisitions and investments; amortization or impairment of acquired intangible assets including in-process research and development; all external acquisition-related costs such as finder's fees, advisory, legal, accounting, valuation, hedging or other professional or consulting fees directly associated with acquisitions and investments; and each of the following subject to pre-established thresholds; the impact of any cumulative effect of changing to newly adopted accounting principles; operating income of the acquired entity and its subsidiaries as reflected on the financial records thereof; losses due to impairments or loss contingencies; direct losses on Cisco's tangible assets from natural catastrophe, war, insurrection, riot, terrorism, confiscation, expropriation, nationalization, deprivation, or seizure; and restructuring charges.

For fiscal 2012, Cisco's composite customer satisfaction score, which was derived from the results of an annual customer satisfaction survey in which Cisco met or exceeded its goal in each of the survey categories, was the maximum of 1.12 and above the target of 1.0 set at the beginning of the performance period.

For fiscal 2012, the individual performance factors for each of the named executive officers, other than the CEO, were set by the Compensation Committee pursuant to the recommendation of the CEO based on the relative contributions of each of the named executive officers to Cisco's success in fiscal 2012. The Compensation Committee established the individual performance factor for the CEO. Mr. Moore and Mr. Lloyd received the highest individual performance factors based on their exceptional leadership in helping Cisco implement its plan to simplify and focus its operational model. The CEO and Mr. Calderoni received the next highest individual performance factors based on the CEO's leadership on strategic planning and Mr. Calderoni's contribution in reducing expenses and helping Cisco achieve record financial results. Mr. Elfrink received an above target individual performance factor for continued excellence in expanding Cisco's global solutions.

Based on the foregoing, the cash incentive awards for fiscal 2012 for each named executive officer were as follows.

Named Executive Officer	Base Salary	Target Award Percentage	Company Performance Factor	Customer Satisfaction Factor	Individual Performance Factor	EIP Payment
John T. Chambers*	$1,200,000	185%	1.06	1.12	1.50	$3,953,376
Frank A. Calderoni	$ 630,000	125%	1.06	1.12	1.50	$1,402,380
Gary B. Moore	$ 800,000	125%	1.06	1.12	1.87	$2,220,064
Robert W. Lloyd	$ 685,000	125%	1.06	1.12	1.65	$1,677,291
Wim Elfrink**	$ 729,169	125%	1.06	1.12	1.25	$1,352,608

* The CEO's cash incentive award is calculated using the median CEO base salary of the Initial Peer Group.

** Mr. Elfrink's annual base salary and cash incentive award are paid in euros. His cash incentive award of €1,099,592 was converted from euros to U.S. dollars based on the exchange rate referenced by the Compensation Committee when the award was made.

Based on Cisco's improved performance during fiscal 2012, the incentive cash awards paid for fiscal 2012 to Mr. Moore and Mr. Lloyd are approximately at the 85 th percentile of the Updated Peer Group, and approximately the 70 th percentile for the CEO, Mr. Calderoni and Mr. Elfrink.

Long-Term, Equity-Based Incentive Awards . The objective of Cisco's long-term, equity-based incentive awards is to align the interests of named executive officers with shareholders and to provide each named executive officer with an incentive to manage Cisco from the perspective of an owner with an equity stake in the business. The Compensation Committee determines the size of the long-term, equity-based incentives according to each named executive officer's position within Cisco and sets a level it considers appropriate to create a meaningful opportunity for reward predicated on increasing shareholder value. In addition to the desired benchmarking percentiles and consideration of the competitive market data described above, the Compensation Committee takes into account an individual's performance history, his or her potential for future advancement, the CEO's recommendations for awards other than his own, and the value of existing vested and unvested outstanding equity awards. The relative weight given to each of these factors varies among individuals at the Compensation Committee's discretion.

For fiscal 2012, the Compensation Committee determined for the named executive officers (other than the CEO) that a split of 25% of their target value of long-term, equity-based incentive awards as time-based restricted stock units and 75% of that target value as PRSUs represented a total long-term equity incentive opportunity aligned with shareholder interests with the appropriate balance for long-term incentives of risk, performance and retention. The CEO received 100% PRSUs. The time-based restricted stock units vest in four equal annual installments on each annual anniversary of the award date. The PRSUs vest following the conclusion of the three-year performance period as further described below.

In September 2011, the Compensation Committee approved an equity award to Mr. Chambers of 100% PRSUs and equity awards of a 75/25 combination (based on value) of PRSUs and time-based restricted stock units to the other named executive officers as set forth in the table below. The target value set forth below of the 100% PRSUs for Mr. Chambers and the 75/25 combination of PRSUs and time-based restricted stock units awarded to the other named executive officers are determined with reference to the median of the Updated Peer Group with an opportunity to earn awards at the 75 th percentile for superior total shareholder return and operational performance.

Named Executive Officer	Target PRSUs	Max. PRSUs	Target Value of PRSUs	Time-Based RSUs	Grant Value of Time Based RSUs	Total Target Value of Fiscal 2012 Equity Awards
John T. Chambers	495,500	743,250	$ 9,919,910	—	—	$ 9,919,910
Frank A. Calderoni	143,775	215,662	$ 2,878,376	50,600	$ 793,914	$ 3,672,290
Gary B. Moore	206,740	310,110	$ 4,138,935	72,800	$ 1,142,232	$ 5,281,167
Robert W. Lloyd	190,975	286,462	$ 3,823,320	67,250	$ 1,055,153	$ 4,878,472
Wim Elfrink	162,800	244,200	$ 3,259,256	57,300	$ 899,037	$ 4,158,293

The performance metrics for 50% of the PRSUs are operating cash flow and earnings per share based on annual goals, pre-established at the beginning of each of fiscal 2012, fiscal 2013 and fiscal 2014 in accordance with Code Section 162(m), over such three-year period. Performance will be reviewed at the end of each fiscal year and any PRSUs will be earned based on the average performance over the three fiscal years (the “Operating Goal Multiplier”). The performance metric for the remaining 50% of the PRSUs is Cisco’s total shareholder return relative to the S&P 500 Information Technology Index over a three-year period covering fiscal 2012, fiscal 2013 and fiscal 2014 (the “Total Shareholder Return Multiplier”).

The formula to determine the number of earned PRSUs is set forth below:

Earned PRSUs = Target PRSUs x

((50% x Average Operating Goal Multiplier) + (50% x Total Shareholder Return Multiplier))

Depending upon performance and the sum of the respective Multipliers, each named executive officer may receive total PRSU shares ranging from 0% to 150% of the target for superior performance.

For fiscal 2012, the worldwide operating cash flow target for purposes of the PRSUs was $10.3 billion and the actual result was $11.5 billion and the earnings per share target was $1.74 and the actual result was $1.85 resulting in an Operating Goal Multiplier for fiscal 2012 of 1.07.

At the end of the three-year performance period, the Total Shareholder Return Multiplier will be determined and 50% of the Average Operating Goal Multiplier (the average of the Operating Goal Multipliers for fiscal 2012, 2013 and 2014) will be added to 50% of the Total Shareholder Return Multiplier to determine an award of shares for each named executive officer. As fiscal 2012 was the first year of the three-year performance period, no shares were earned. The vesting and settlement of any of the PRSUs granted for fiscal 2012 will depend on Cisco’s performance for fiscal 2013 and fiscal 2014 (in addition to fiscal 2012) and total shareholder return during the three-year performance period, and whether the Compensation Committee exercises any negative discretion to reduce the award when approving the settlement of the PRSUs.

Because the PRSUs include a three-year Total Shareholder Return Multiplier and annual Operating Goal Multipliers, the Summary Compensation Table reports a reduced value relative to the target value set forth in the table above and in the Executive Summary. FASB ASC Topic 718 requires that the value of the fiscal 2012 PRSUs reported in the Summary Compensation Table include the full value for the PRSUs based on the probable outcome of the Total Shareholder Return Multiplier, but only that portion of the value of the PRSUs based on the Operating Goal Multipliers for which annual financial performance metrics were established during fiscal 2012 based on probable achievement of such metrics. As a result, for the fiscal 2012 PRSUs, the Summary Compensation Table does not include the value of the PRSUs based on the annual financial metrics for fiscal 2013 or fiscal 2014. Such amounts will be included as equity compensation in the Summary Compensation Table for fiscal 2013 and fiscal 2014, respectively, when the financial metrics are established.

Worldwide operating cash flow is Cisco’s GAAP operating cash flow. Earnings per share was calculated from Cisco’s GAAP diluted earnings per share excluding all of the items excluded from the calculation of operating income for purposes of the EIP, other than operating income of the acquired entity and its subsidiaries as reflected on the financial records thereof, including the income tax effects thereof; and each of the following subject to pre-established thresholds: net income or loss of the acquired entity and its subsidiaries as reflected on the financial records thereof, including any income tax effects; and the effects of certain tax matters.

Subject to continued employment, any earned PRSUs will be settled at the end of the three-year performance period. All outstanding unvested equity awards under Cisco’s 2005 Stock Incentive Plan (and 1996 Stock Incentive Plan) will vest in full (at target levels for PRSUs), and, if applicable, become immediately exercisable in the event of the named executive officer’s death, terminal illness or if Cisco is acquired by merger or asset sale, unless the award or related agreement is assumed or replaced by the acquiring entity, or in the event there is a hostile change in control or ownership of Cisco, whether through a tender or exchange offer for more than 35% of Cisco’s outstanding voting securities which the Board of Directors does not recommend the shareholders to accept, or a change in the majority of the members of the Board of Directors as a result of one or more contested elections for board membership. Cisco believes that this accelerated equity vesting is appropriate under the circumstances described above to ensure that employees are not deprived of their equity when Cisco may not be able to arrange for appropriate vesting continuation terms and conditions. Cisco does not provide for any golden parachute excise tax gross-up arrangements for its named executive officers, nor does it provide employment agreements with cash severance provisions, unless under certain circumstances an executive officer is on international assignment. Please refer to the “Potential Payments upon Termination or Change in Control” section on page 56 for additional information regarding potential accelerated vesting of outstanding awards granted to the named executive officers.

In the event of the retirement of a named executive officer, and to the extent the named executive officer meets certain retirement eligibility criteria described in the award agreement and complies with certain post-retirement covenants, all PRSUs will continue to vest and any earned PRSUs, based on the satisfaction of the performance metrics, will be settled in Cisco shares at the end of the three-year performance period. In all cases, the settlement of PRSUs must comply with Code Section 409A.

Cisco believes that the retirement vesting feature of all PRSUs is an appropriate and necessary retention tool because it provides protection to the named executive officers in light of the three-year PRSU performance period and is a prevalent practice among the companies within the Updated Peer Group that grant similar equity awards with multi-year performance periods. Further, PRSUs will be forfeited and provide no value to its holder to the extent a named executive officer violates specific post-retirement covenants.

Please refer to the table entitled “Grants of Plan-Based Awards—Fiscal 2012” on page 50 for additional information regarding these equity grants to the named executive officers, and to the “Potential Payments upon Termination or Change in Control” section on page 56 for additional information regarding these grants to the named executive officers and all other outstanding equity awards previously granted to the named executive officers.

Group Benefits/Perquisites . Cisco’s named executive officers generally do not receive any special benefits such as payment of club memberships, financial planning or executive dining rooms. Other than executive physicals and their right to participate along with other enumerated employees in the nonqualified deferred compensation plan described below and other than the Netherlands Capital Plan described below in which Mr. Elfrink participates, there are no special employee benefit plans for the named executive officers and Cisco’s named executive officers are eligible to participate in the same employee benefit plans and on the same basis as all other Cisco employees.

During fiscal 2012, Cisco provided certain named executive officers payment for personal expenses, including spousal travel and personal expenses, in connection with a business trip to recognize sales personnel achievements and a business trip to the 2012 Summer Olympics for Cisco promotional purposes. Pursuant to a policy adopted by the Compensation Committee during fiscal 2009, Cisco is not providing to its named executive officers tax restoration payments with respect to this taxable income.

Under an International Assignment Agreement, additional benefits were provided during fiscal 2012 to Wim Elfrink, whose home country is the Netherlands, for certain living, travel, tax and other expenses in connection with his international assignment in the U.S. Mr. Elfrink was reassigned to the U.S. from India as of August 2011. During fiscal 2012, Mr. Elfrink’s international assignment benefits, including tax equalization benefits, were substantially reduced and capped at approximately $508,000. During fiscal 2013, his benefits will be capped at approximately $536,000.

Some of these benefits are specific to Mr. Elfrink, while others are provided under Cisco’s international assignment policy, which applies to all employees serving on international assignment and is designed to minimize any financial detriment to the employee from the assignment. Mr. Elfrink’s international assignment benefits and his other compensation and benefits are generally set forth in his International Assignment Agreement. Mr. Elfrink is also entitled to potential severance benefits under his International Assignment Agreement, as further detailed in the “Potential Payments upon Termination or Change in Control” section below. Mr. Elfrink also participates in a defined contribution plan that Cisco maintains for eligible employees in the Netherlands (the “Netherlands Capital Plan”). For more information about these compensation components, including a description of the Netherlands Capital Plan, see the sections below entitled “Summary Compensation Table,” “Nonqualified Deferred Compensation—Fiscal 2012,” and “Potential Payments upon Termination or Change in Control.”

Deferred Compensation Plan . The adoption of the Deferred Compensation Plan by the Board of Directors in 2007 resulted from a review of the prevalence of similar deferred compensation plans operated by Cisco’s

Initial Peer Group and a recommendation from the Compensation Committee that the Deferred Compensation Plan should be adopted. The Deferred Compensation Plan is available to all U.S. employees with the title of director or above, including the named executive officers other than Mr. Elfrink. Mr. Elfrink participates in the Netherlands Capital Plan. A primary rationale for adopting the plan was to provide an opportunity for individual retirement savings on a tax- and cost-effective basis on compensation above the Code limits under the Cisco 401(k) Plan, recognizing that Cisco does not sponsor a supplemental executive retirement plan or a pension plan on behalf of the named executive officers covered by the Deferred Compensation Plan. It was also decided, based on this same rationale and because the Cisco 401(k) Plan has a matching contribution, that Cisco would begin making matching contributions starting with calendar year 2007 at the same percentage as made under the Cisco 401(k) Plan. Those matching contributions are described in the footnote to the "Nonqualified Deferred Compensation—Fiscal 2012" table below. The Deferred Compensation Plan administrator is Cisco's 401(k) Plan Administration Committee.

Fiscal 2013 Compensation Approach

- *Base Salaries* —On September 12, 2012, the Compensation Committee approved the increases in base salary set forth below for Mr. Chambers, Mr. Calderoni, Mr. Moore and Mr. Lloyd. The Compensation Committee decided to discontinue setting Mr. Chambers' base salary at a relatively nominal amount and increased his historically low base salary closer to the median base salary of the other CEOs in the Updated Peer Group so that the total of his base salary and target bonus is more consistent with the Updated Peer Group's approach to total cash compensation. Given their performance, tenure and anticipated future contributions, Mr. Moore's and Mr. Lloyd's base salaries were increased to slightly over the median of the Updated Peer Group and Mr. Calderoni's base salary was increased closer to the median of the Updated Peer Group.

Named Executive Officer	Fiscal 2012 Salary	Fiscal 2013 Salary
John T. Chambers	$ 375,000	$ 1,100,000
Frank A. Calderoni	$ 630,000	$ 710,000
Gary B. Moore	$ 800,000	$ 825,000
Robert W. Lloyd	$ 685,000	$ 800,000

- *Variable Cash Incentive Awards* —Awards under the EIP for fiscal 2013 are based on the same one-year performance metrics as were used in fiscal 2012. In connection with the increase of his base salary closer to the median base salary of the other CEOs in the Updated Peer Group, the target award percentage for the CEO was also increased from 185% of base salary to 200% of base salary resulting in a target bonus equal to the median target bonus for the other CEOs in the Updated Peer Group. The target award percentages for the other named executive officers remain unchanged.
- *Long-Term, Equity-Based Incentive Awards* —On September 12, 2012, the Compensation Committee granted the following equity awards to the named executive officers and the PRSUs were granted using a three-year performance period and the same performance metrics (but not goals) that were used in fiscal 2012. With the exception of the awards to Mr. Calderoni, Mr. Moore and Mr. Lloyd, which were approved with reference to the 75th percentile of the Updated Peer Group in recognition of the critical nature of their leadership roles at Cisco and to encourage them to continue to provide a high level of performance essential to Cisco's future success, the grants to the other named executive officers were made with reference to the median of the Updated Peer Group with an opportunity to earn awards at the 75th percentile for superior relative total shareholder return and operational performance.

Named Executive Officer	Performance-Based Restricted Stock Units	Time-Based Restricted Stock Units
John T. Chambers	583,500	—
Frank A. Calderoni	250,700	89,900
Gary B. Moore	263,500	94,500
Robert W. Lloyd	218,800	78,500
Wim Elfrink	141,600	50,800

Compensation Committee Report

The information contained in this report shall not be deemed to be "soliciting material," to be "filed" with the SEC, or to be subject to Regulation 14A or Regulation 14C (other than as provided in Item 407 of Regulation S K) or to the liabilities of Section 18 of the Securities Exchange Act of 1934, and shall not be deemed to be incorporated by reference in future filings with the SEC except to the extent that Cisco specifically incorporates it by reference into a document filed under the Securities Act of 1933 or the Securities Exchange Act of 1934.

The Compensation and Management Development Committee has reviewed and discussed the "Compensation Discussion and Analysis" section of this Proxy Statement with Cisco's management. Based on that review and those discussions, the Compensation and Management Development Committee recommended to the Board of Directors that the "Compensation Discussion and Analysis" section be included in this Proxy Statement and incorporated by reference into Cisco's Annual Report on Form 10-K for its 2012 fiscal year.

Submitted by the Compensation and Management Development Committee

Roderick C. McGeary, *Chairperson*
M. Michele Burns
Brian L. Halla

Compensation Committee Interlocks and Insider Participation

The members of the Compensation Committee during fiscal 2012 were: Roderick C. McGeary (Chairperson) and Brian L. Halla for all of fiscal 2012; and M. Michele Burns beginning in November 2011. No member of this committee was at any time during fiscal 2012 or at any other time an officer or employee of Cisco, and no member of this committee had any relationship with Cisco requiring disclosure under Item 404 of Regulation S-K. No executive officer of Cisco has served on the board of directors or compensation committee of any other entity that has or has had one or more executive officers who served as a member of the Compensation Committee during fiscal 2012.

Summary of Compensation

The following table sets forth the compensation earned by the named executive officers for services rendered in all capacities to Cisco and its subsidiaries for each of the last three or fewer fiscal years during which such individuals were designated as named executive officers. Cisco's named executive officers for fiscal 2012 include Cisco's CEO, CFO, and the three most highly compensated executive officers (other than the CEO and CFO) in fiscal 2012.

Summary Compensation Table

Name and Principal Position	Fiscal Year	Salary ($) (2)	Bonus ($)	Stock Awards ($) (4)	Option Awards ($) (7)	Non-Equity Incentive Plan Compensation ($) (8)	All Other Compensation ($) (10)	Total ($)
John T. Chambers	2012	$375,000	—	$ 7,348,265(5)	—	$ 3,953,376	$ 11,025	$11,687,666
Chairman and Chief	2011	$375,000	—	$12,500,100(6)	—	—	$ 11,025	$12,886,125
Executive Officer	2010	$382,212	—	$ 8,190,000	$5,688,638	$ 4,600,000	$ 11,025	$18,871,875
Frank A. Calderoni	2012	$630,000	—	$ 2,926,097(5)	—	$ 1,402,380	$ 74,585	$ 5,033,062
Executive Vice President,	2011	$630,000	—	$ 7,236,900(6)	—	—	$ 21,483	$ 7,888,383
Chief Financial Officer	2010	$611,538	—	$ 4,680,000	$3,250,650	$ 1,530,000	$ 78,681	$10,150,869
Gary B. Moore	2012	$800,000	—	$ 4,208,186(5)	—	$ 2,220,064	$ 21,897	$ 7,250,147
Executive Vice President,	2011	$699,808	—	$10,518,900(6)	—	—	$ 33,962	$11,252,670
Chief Operating Officer (1)								
Robert W. Lloyd	2012	$685,000	—	$ 3,887,312(5)	—	$ 1,677,291	$ 56,250	$ 6,305,853
Executive Vice President,	2011	$685,000	—	$ 7,236,900(6)	—	—	—	$ 7,921,900
Worldwide Operations	2010	$652,308	—	$ 4,680,000	$3,250,650	$ 1,640,000	$ 68,106	$10,291,064
Wim Elfrink	2012	$729,169(3)	—	$ 3,313,361(5)	—	$ 1,352,608(9)	$ 661,011(11)	$ 6,056,149
Executive Vice President,	2011	$849,383(3)	—	$ 7,236,900(6)	—	—	$ 3,857,765(11)	$11,944,048
Emerging Solutions and	2010	$773,762(3)	—	$ 5,850,000	$4,063,313	$ 1,600,000(9)	$ 3,456,642(11)	$15,743,717
Chief Globalisation Officer								

(1) Mr. Moore was promoted to Executive Vice President, Chief Operating Officer on February 21, 2011 and was not a named executive officer in fiscal 2010.

(2) Fiscal 2010 was a 53-week fiscal year, and the salary amounts for fiscal 2010 reflect the extra week's salary earned during that fiscal year.

(3) Mr. Elfrink's salary was paid in euros. The conversion rate from euros to U.S. dollars is based on the exchange rate in effect on the last day of Cisco's applicable fiscal year: 1.2301, 1.4329, and 1.3044 dollars per euro for fiscal 2012, 2011 and 2010, respectively.

(4) The amounts in the Stock Awards column represent the aggregate grant date fair values, computed in accordance with FASB ASC Topic 718, of restricted stock unit awards, PRSU rights and/or PRSUs awarded during the applicable fiscal year under the 2005 Stock Incentive Plan. For time-based restricted stock unit awards and PRSU rights awarded prior to March 17, 2011, the grant date fair values were determined based on the closing share price of Cisco common stock on the date of grant. For time-based awards granted in fiscal 2012 and in fiscal 2011 on or subsequent to March 17, 2011, the grant date fair value was determined using the closing share price of Cisco common stock on the date of grant, adjusted for the present value of expected dividends. For a discussion of the valuation methodology used to value the PRSUs awarded during fiscal 2012, see footnote 5 to the Summary Compensation Table below.

(5) The PRSUs awarded in fiscal 2012 are based on a three-year performance cycle. The performance metrics for 50% of the PRSUs are based on operating goal performance, and the performance metric for the remaining 50% of the PRSUs is Cisco's TSR.

The operating goal performance metrics are operating cash flow and earnings per share based on annual goals, pre-established at the beginning of each of fiscal 2012, fiscal 2013 and fiscal 2014 in accordance with Code Section 162(m), over such three-year period. These operating goal performance metrics will be reviewed at the end of each fiscal year and any PRSUs will be earned based on the average performance over the three fiscal years, subject to the Compensation Committee's approval. Because the performance-related component is based on separate measurements of our financial performance for each year in the three-year performance cycle, FASB ASC Topic 718 requires the grant date fair value to be calculated at the commencement of each separate year of the performance cycle when the respective performance measures are approved.

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The TSR metric is Cisco's TSR relative to the S&P 500 Information Technology Index over a three-year period covering fiscal 2012, fiscal 2013 and fiscal 2014. Consistent with FASB ASC Topic 718, the full grant date fair value for the market-related TSR component for the entire three-year performance cycle is included in the amounts shown for fiscal 2012 (the year of grant) and was determined using a Monte Carlo simulation model.

The table below sets forth the grant date fair value determined in accordance with FASB ASC Topic 718 for fiscal 2012 for the operating goal performance-related component of these awards (i) based upon the probable outcome of the fiscal 2012 operating goal performance-related component as of the grant date, and (ii) based upon achieving the maximum level of performance under the fiscal 2012 operating goal performance-related component as of the grant date. Also set forth below is the grant date fair value for the market-related TSR component, which is not subject to probable or maximum outcome assumptions. See "Compensation Discussion and Analysis—Fiscal 2012 Compensation" for a more complete description of the PRSUs.

Name	Fiscal Year	Probable Outcome of Performance Conditions Grant Date Fair Value ($)*	Maximum Outcome of Performance Conditions Grant Date Fair Value ($)	Market-Related Component Grant Date Fair Value ($)**
John T. Chambers	2012	$ 1,285,823	$ 1,928,734	$ 6,062,442
Frank A. Calderoni	2012	$ 373,096	$ 559,644	$ 1,759,087
Gary B. Moore	2012	$ 536,490	$ 804,735	$ 2,529,464
Robert W. Lloyd	2012	$ 495,580	$ 743,370	$ 2,336,579
Wim Elfrink	2012	$ 422,466	$ 633,699	$ 1,991,858

* The grant date fair value of the fiscal 2012 operating goal performance-related component of the PRSUs awarded on September 8, 2011 was $15.57 per unit, which was based on the closing share price of Cisco common stock on the date of grant adjusted for the annualized dividend yield of 1.5%.

** The grant date fair value of the market-related TSR components of the PRSUs awarded on September 8, 2011 was $24.47 per unit, which was determined using a Monte-Carlo simulation. The significant inputs and assumptions used in this simulation were a volatility of 31.7%, a risk free interest rate of 0.3%, and an annualized dividend yield of 1.3%. A measurement date of December 7, 2011 was used because these PRSUs were awarded subject to shareholder approval of the amendment and restatement of the 2005 Stock Incentive Plan at the 2011 annual meeting of shareholders.

(6) For the PRSU rights awarded in fiscal 2011, 84% of the target number of restricted stock units would have been granted pursuant to these awards; however, in light of the erosion of shareholder value in fiscal 2011, the Compensation Committee exercised its negative discretion and decided no named executive officer would receive a performance-based equity award for fiscal 2011. The maximum that could have been earned under the PRSU rights was 133% of target for fiscal 2011. Those maximum values for fiscal 2011 that could have been earned were: for Mr. Chambers, $8,312,567; for Mr. Calderoni, $4,812,539; for Mr. Moore, $4,812,539; for Mr. Lloyd, $4,812,539; and for Mr. Elfrink, $4,812,539.

(7) The amounts in the Option Awards column represent the aggregate grant date fair values, computed in accordance with FASB ASC Topic 718, of stock option awards granted during fiscal year 2010 pursuant to the 2005 Stock Incentive Plan. For information on the valuation assumptions with respect to stock option grants, refer to the note on Employee Benefit Plans in the notes to consolidated financial statements contained in Cisco's Annual Report on Form 10-K for the fiscal year ended July 31, 2010. There can be no assurance that these grant date fair values will ever be realized by the named executive officers.

(8) The amounts listed in the Non-Equity Incentive Plan Compensation column for fiscal 2012 and fiscal 2010 reflect the cash awards paid under the EIP for performance in the applicable fiscal year.

(9) For Mr. Elfrink, the non-equity incentive plan compensation for fiscal 2012 and fiscal 2010 were payable in euros. The conversion rates from euros to U.S. dollars for fiscal 2012 and fiscal 2010 were 1.2301 and 1.2230 dollars per euro, respectively, each being the rate referenced by the Compensation Committee when the respective award was made.

(10) The amounts listed in the All Other Compensation column for fiscal 2012 include actual and estimated matching contributions by Cisco under the Cisco Systems, Inc. Deferred Compensation Plan on behalf of

certain participating named executive officers. This includes $63,560, $10,207 and $56,250 in matching contributions on behalf of Mr. Calderoni, Mr. Moore, and Mr. Lloyd, respectively, related to fiscal 2012 salary deferred during calendar year 2011 as well as fiscal 2012 salary deferred during calendar year 2012 that is expected to be credited at the end of calendar year 2012. See "Nonqualified Deferred Compensation—Fiscal 2012" for more information. In addition, the amounts listed in the All Other Compensation column for fiscal 2012 include matching contributions that Cisco made under its 401(k) plan on behalf of certain participating named executive officers, including $11,025, $11,025 and $11,690 on behalf of Mr. Chambers, Mr. Calderoni, and Mr. Moore, respectively.

(11) The amounts listed in the All Other Compensation column for Mr. Elfrink are, for each fiscal year, comprised primarily of certain tax, living and travel expenses in connection with Mr. Elfrink's International Assignment Agreement, and contributions to the Netherlands Capital Plan by Cisco on behalf of Mr. Elfrink. Certain of these items paid to Mr. Elfrink were paid in euros during fiscal 2012, 2011 and 2010 and others in Indian rupees during fiscal 2011 and 2010. The conversion rates from euros to U.S. dollars and from Indian rupees to U.S. dollars are based on the exchange rate in effect on the last day of Cisco's applicable fiscal year: 1.2301 per euro for fiscal 2012, 1.4329 per euro and 0.0226 per rupee for fiscal 2011, and 1.3044 dollars per euro and 0.02154 dollars per rupee for fiscal 2010. The amount listed for fiscal 2011 includes an additional $18,266 over the amount previously reported because the amount previously reported included estimated expenses relating to Mr. Elfrink's reassignment to the U.S. from India and the amount above has been adjusted to include actual expenses.

Mr. Elfrink was reassigned to the U.S. from India as of August 2011 and during fiscal 2012, Mr. Elfrink's international assignment benefits, including tax equalization benefits, were substantially reduced from fiscal 2011 and capped at approximately $508,000. The perquisites and personal benefits received by Mr. Elfrink pursuant to the International Assignment Agreement for fiscal 2012 include: $192,195 for housing assistance in the United States, which includes utilities and property taxes; $75,000 for fees for tax services; $60,000 for home leave travel and dependent visits; and $48,968 for an allowance for child education. Other similar perquisites and personal benefits included in the amounts shown for fiscal 2012 consist of the following: a relocation miscellaneous expense allowance, an allowance for automobiles, goods and services differential, property management expenses related to his home country residence, reimbursement for personal expenses related to a trip he attended to recognize sales personnel achievements, and payment of medical expenses.

Cisco's contributions on behalf of Mr. Elfrink under the Netherlands Capital Plan paid during fiscal 2012 were $198,859 (comprised of $141,168, $46,721, $1,964 and $9,006 for a defined contribution premium, a survivor's death benefit, an orphan's death benefit and a disability benefit, respectively). For more information on the Netherlands Capital Plan, see "Nonqualified Deferred Compensation—Fiscal 2012."

The following table provides information on cash-based performance awards, restricted stock unit awards and stock option awards in fiscal 2012 to each of Cisco's named executive officers. There can be no assurance that the Grant Date Fair Value, as listed in this table, of the Stock Unit and Stock Option Awards will ever be realized. These Grant Date Fair Value amounts also are included in the "Stock Awards" and "Option Awards" columns of the Summary Compensation Table.

Grants o f Plan-Based Awards—Fiscal 2012

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards: Threshold ($)	Estimated Future Payouts Under Non-Equity Incentive Plan Awards: Target ($)	Estimated Future Payouts Under Non-Equity Incentive Plan Awards: Maximum ($)	Estimated Future Payouts Under Equity Incentive Plan Awards: Threshold (#)	Estimated Future Payouts Under Equity Incentive Plan Awards: Target (#) (3)	Estimated Future Payouts Under Equity Incentive Plan Awards: Maximum (#)	All Other Stock Awards: Number of Shares of Stock or Units (#) (3)(4)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards ($/Sh)	Grant Date Fair Value of Stock and Option Awards ($)
John T. Chambers	(1)	—	$ 2,220,000	$ 6,660,000							
	9/8/11(2)				—	495,500	743,250				$7,348,265
Frank A. Calderoni	(1)	—	$ 787,500	$ 2,362,500							
	9/8/11(2)				—	143,775	215,662				$2,132,183
	9/8/11							50,600			$ 793,914
Gary B. Moore	(1)	—	$ 1,000,000	$ 3,000,000							
	9/8/11(2)				—	206,740	310,110				$3,065,954
	9/8/11							72,800			$1,142,232
Robert W. Lloyd	(1)	—	$ 856,250	$ 2,568,750							
	9/8/11(2)				—	190,975	286,462				$2,832,159
	9/8/11							67,250			$1,055,153
Wim Elfrink	(1)	—	$ 911,461	$ 2,734,383							
	9/8/11(2)				—	162,800	244,200				$2,414,324
	9/8/11							57,300			$ 899,037

(1) These rows represent possible payouts pursuant to the annual cash incentive awards under the EIP for fiscal 2012. More information about these payments appears above in the "Compensation Discussion and Analysis" section of this Proxy Statement. For each named executive officer other than Mr. Chambers, the target and maximum values are calculated by multiplying 125% (target) and 375% (maximum), respectively, by the executive's annual base salary in effect at the beginning of fiscal 2012. For Mr. Chambers, the target and maximum values are calculated by multiplying 185% and 555%, respectively, by $1,200,000, the median CEO base salary of the Initial Peer Group. For Mr. Elfrink, the target and maximum values are denominated in euros. The conversion rate from euros to U.S. dollars for fiscal 2012 is 1.2301 dollars per euro, the exchange rate in effect on the last day of fiscal 2012. The EIP did not contain any threshold value for fiscal 2012.

(2) The amounts shown in these rows reflect, in share amounts, the target and maximum potential awards of restricted stock units for the fiscal 2012 performance period, as further described in the "Compensation Discussion and Analysis" section of this Proxy Statement. In September 2011, each named executive officer was awarded a PRSU under the 2005 Stock Incentive Plan, subject to the satisfaction of pre-determined worldwide revenue and earnings per share performance conditions during fiscal 2012, with a maximum award equal to 150% of the target grant. There was no threshold number of restricted stock units available for fiscal 2012. The potential awards were performance-based and were completely at risk. For additional detail on the grant date fair value of the PRSUs, see footnote 5 to the Summary Compensation Table above.

(3) Each of the awards will vest in full (at target levels for PRSUs) and, if applicable, become immediately exercisable in the event that Cisco is acquired by merger or asset sale, unless the award or related agreement is assumed or replaced by the acquiring entity, or in the event there is a hostile change in control or ownership of Cisco, whether through a tender or exchange offer for more than 35% of Cisco's outstanding voting securities which the Board of Directors does not recommend the shareholders to accept, or a change in the majority of the members of the Board of Directors as a result of one or more contested elections for board membership. In addition, pursuant to a Compensation Committee policy which can be revoked or changed at any time, if the holder of an award dies or becomes terminally ill, his or her award will generally vest in an amount equal to the greater of 100% of the unvested shares subject to the award (at target levels

for PRSUs) up to a total value of $10 million, net of aggregate exercise or purchase price, or up to one year of vesting from the date of death or determination of terminal illness. For purposes of this policy, shares subject to the award are valued based on the closing share price of Cisco common stock on the date of death or determination of terminal illness.

In the event of the retirement of a named executive officer, and to the extent the named executive officer meets certain retirement eligibility criteria described in the award agreement and complies with certain post-retirement covenants, all PRSUs will continue to vest and any earned PRSUs, based on the satisfaction of the performance metrics, will be settled in Cisco shares at the end of the three-year performance period. Further, PRSUs will be forfeited and provide no value to its holder to the extent the holder violates specific post-retirement covenants.

(4) Each restricted stock unit award listed in this column was granted under the 2005 Stock Incentive Plan. Each award vests in 25% increments on September 11, 2012, and annually for the next 3 years. Each award is settled in shares on each vesting date.

The following table shows the number of Cisco common shares covered by exercisable and unexercisable stock options, and the number of Cisco unvested restricted stock units, held by Cisco's named executive officers as of July 28, 2012.

Outstanding Equity Awards At 2012 Fiscal Year-End

	Option Awards				Stock Awards			
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($) *	Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($) *
John T. Chambers	1,500,000	—	$ 19.18	8/23/2013				
	1,300,000	—	$ 17.86	9/29/2014				
	1,300,000	—	$ 23.01	9/21/2015				
	870,000	30,000	$ 32.21	9/20/2016(1)				
	619,791	255,209	$ 23.40	11/12/2016(8)				
					23,200(3)	$ 364,008		
					33,750(4)	$ 529,538		
					175,000(9)	$ 2,745,750		
					213,750(11)	$ 3,353,738		
							743,250(14)	$ 11,661,593
Frank A. Calderoni	173,333	—	$ 21.24	5/14/2013				
	78,000	—	$ 19.18	8/23/2013				
	58,750	—	$ 17.80	8/12/2014				
	120,000	—	$ 17.86	9/29/2014				
	200,000	—	$ 23.01	9/21/2015				
	100,000	—	$ 25.85	6/7/2016				
	232,000	8,000	$ 32.21	9/20/2016(1)				
	354,166	145,834	$ 23.40	11/12/2016(8)				
					15,000(2)	$ 235,350		
					6,187(3)	$ 97,074		
					15,000(4)	$ 235,350		
					100,000(9)	$ 1,569,000		
					123,750(11)	$ 1,941,638		
					50,600(13)	$ 793,914		
							215,662(14)	$ 3,383,737
Gary B. Moore	100,000	—	$ 19.59	9/2/2012				
	325,000	—	$ 19.18	8/23/2013				
	275,000	—	$ 17.86	9/29/2014				
	200,000	—	$ 23.01	9/21/2015				
	232,000	8,000	$ 32.21	9/20/2016(1)				
	115,623	34,377	$ 20.10	6/11/2016(7)				
					6,187(3)	$ 97,074		
					18,750(4)	$ 294,188		
					25,000(5)	$ 392,250		
					100,000(6)	$ 1,569,000		
					100,000(9)	$ 1,569,000		
					50,000(10)	$ 784,500		
					123,750(11)	$ 1,941,638		
					150,000(12)	$ 2,353,500		
					72,800(13)	$ 1,142,232		
							310,110(14)	$ 4,865,626
Robert W. Lloyd	30,000	—	$ 19.18	8/23/2013				
	700,000	—	$ 19.24	6/10/2014				
	179,117	—	$ 17.86	9/29/2014				
	200,000	—	$ 23.01	9/21/2015				
	232,000	8,000	$ 32.21	9/20/2016(1)				
	115,623	34,377	$ 20.10	6/11/2016(7)				
	354,166	145,834	$ 23.40	11/12/2016(8)				
					6,187(3)	$ 97,074		
					18,750(4)	$ 294,188		
					43,750(5)	$ 686,438		
					100,000(6)	$ 1,569,000		
					100,000(9)	$ 1,569,000		
					123,750(11)	$ 1,941,638		
					67,250(13)	$ 1,055,153		
							286,462(14)	$ 4,494,589
Wim Elfrink	243,800	—	$ 19.59	9/2/2012				
	395,000	—	$ 19.18	8/23/2013				
	115,000	—	$ 17.86	9/29/2014				
	400,000	—	$ 23.01	9/21/2015				
	551,000	19,000	$ 32.21	9/20/2016(1)				
	442,708	182,292	$ 23.40	11/12/2016(8)				
					14,694(3)	$ 230,549		
					22,500(4)	$ 353,025		
					125,000(9)	$ 1,961,250		
					123,750(11)	$ 1,941,638		

57,300(13)	$	899,037			
			244,200(14)	$	3,831,498

* The market values of the restricted stock units that have not vested and the unearned PRSUs are calculated by multiplying the number of units shown in the table by the closing share price of Cisco common stock on July 27, 2012, which was $15.69.

Vesting Schedule for Outstanding Stock Options and Unvested Restricted Stock Units

Note	Grant Dates	Incremental Vesting Dates
(1)	9/20/07	20% on 9/20/08; pro-rata monthly for next 48 months
(2)	2/19/08	20% on 2/19/09; 20% annually for next 4 years
(3)	9/11/08	20% on 9/11/08; 20% annually for next 4 years
(4)	9/11/08	25% on 9/11/09; 25% annually for next 3 years
(5)	3/12/09	25% on 3/12/10; 25% annually for next 3 years
(6)	3/12/09	Full vesting on 3/12/13
(7)	6/11/09	25% on 6/11/10; pro-rata monthly for next 36 months
(8)	11/12/09	25% on 9/11/10; pro-rata monthly for next 36 months
(9)	11/12/09	25% on 9/11/10; 25% annually for next 3 years
(10)	6/10/10	25% on 6/11/11; 25% annually for next 3 years
(11)	9/16/10	25% on 9/11/11; 25% annually for next 3 years
(12)	3/17/11	25% on 3/12/12; 25% annually for next 3 years
(13)	9/8/11	25% on 9/11/12; 25% annually for next 3 years
(14)	9/8/11	Vests on 9/11/14 based on (i) the achievement of two operating goal performance metrics, operating cash flow and earnings per share, based on annual goals that are pre-established at the beginning of each of fiscal 2012, fiscal 2013 and fiscal 2014 and (ii) Cisco's TSR relative to the S&P 500 Information Technology Index over a three-year period covering fiscal 2012, fiscal 2013 and fiscal 2014. The number of shares and the payout value for the fiscal 2012 PRSUs set forth above reflect the maximum potential payout since Cisco's performance during the first year of the three-year performance period has exceeded the target levels. The maximum potential payout represents 150% of the target number of PRSUs. Each PRSU is subject to the Compensation Committee's negative discretion when approving the settlement thereof.

Except as described below, each stock option granted prior to 2009 has a maximum term of nine years measured from the applicable grant date, subject to earlier termination in the event of the optionee's cessation of service with Cisco. Each option that was granted to the named executive officers on November 12, 2009 has a maximum term of seven years measured from the applicable grant date, subject to earlier termination in the event of the optionee's cessation of service with Cisco. The exercise price for each of these options is equal to the closing share price of Cisco common stock on the date of grant.

The option to purchase 1,500,000 shares that was granted to Mr. Chambers on August 23, 2004 has a maximum term of nine years measured from the grant date and, if vested, will remain exercisable for the full term even after his cessation of service except in limited circumstances. For purposes of Mr. Chambers' stock option agreement, "service" includes providing services directly to Cisco or employment by educational or governmental institutions if those institutions' policies preclude continued service to Cisco. The exercise price is equal to the closing share price of Cisco common stock on the date of grant.

The following table shows the number of shares acquired by each of the named executive officers during fiscal 2012 through stock option exercises and vesting of restricted stock units (including restricted stock units granted upon the satisfaction of a performance condition). The table also presents the value realized upon such exercises and vesting, as calculated, in the case of stock options, based on the difference between the market price of Cisco's common stock at exercise and the option exercise price, and as calculated, in the case of restricted stock units, based on the closing share price of Cisco's common stock on the NASDAQ Global Select Market on the vesting date.

Option Exercises and Stock Vested—Fiscal 2012

	Option Awards		Stock Awards	
Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting ($)
John T. Chambers	2,000,000	$12,388,372	215,700	$ 3,412,374
Frank A. Calderoni	—	—	134,437	$ 2,193,983
Gary B. Moore	100,000	$ 116,000	256,187(1)	$ 4,370,928(1)
Robert W. Lloyd	—	—	199,937	$ 3,339,241
Wim Elfrink	50,000	$ 109,500	160,943	$ 2,546,518

(1) Includes 10,313 shares subject to fully vested deferred stock units, which will not settle until after Mr. Moore's separation from service with Cisco within the meaning of Code Section 409A.

The following table shows the contributions and earnings during fiscal 2012, and account balance as of July 28, 2012, for named executive officers under the Cisco Systems, Inc. Deferred Compensation Plan, the Netherlands Capital Plan or the 2005 Stock Incentive Plan, as the case may be.

Nonqualified Deferred Compensation—Fiscal 2012

Name	Plan	Executive Contributions in Last Fiscal Year ($) (1)	Registrant Contributions in Last Fiscal Year ($)	Aggregate Earnings in Last Fiscal Year ($) (2)	Aggregate Withdrawal/ Distributions ($)	Aggregate Balance at Last Fiscal Year-End ($) (3)
John T. Chambers	—	—	—	—	—	—
Frank A. Calderoni	Deferred Compensation Plan	$ 953,191	$ 63,560(4)	$ (1,043)	—	$4,116,272
Gary B. Moore	Deferred Compensation Plan	$ 67,692	$ 10,207(4)	$ 243	—	$1,296,816
	2005 Stock Incentive Plan	$ 163,152	—	$ (1,341)	—	$ 161,811
Robert W. Lloyd	Deferred Compensation Plan	$ 838,646	$ 56,250(4)	$ 24,954	—	$3,904,932
Wim Elfrink (5)	Netherlands Capital Plan	$ 21,282	$ 141,168(6)	$ 60,115(7)	—	$2,484,157(8)

(1) The executive contribution amounts under the Deferred Compensation Plan and the Netherlands Capital Plan were included in fiscal 2012 compensation in the "Salary" and "Non-Equity Incentive Plan Compensation" columns of the Summary Compensation Table, as applicable. The executive contribution amount under the 2005 Stock Incentive Plan represents the value of fully vested deferred stock units and is included in the "Value Realized on Vesting" column of the Option Exercises and Stock Vested—Fiscal 2012 table.

(2) None of the amounts in this column is included in the Summary Compensation Table because plan earnings were not preferential or above-market.

(3) The following amounts included in this column for the Deferred Compensation Plan and the Netherlands Capital Plan also have been reported in the Summary Compensation Table as compensation for fiscal 2012 or a prior fiscal year: Mr. Calderoni, $3,649,162; Mr. Moore, $238,923; Mr. Lloyd, $2,543,602; and Mr. Elfrink, $1,255,182. The grant date fair value of Mr. Moore's fully vested deferred stock units under the 2005 Stock Incentive Plan of $226,164 has been reported in the Summary Compensation Table as compensation for fiscal 2011.

(4) These amounts were included in the “All Other Compensation” column of the Summary Compensation Table. Matching contributions under the Deferred Compensation Plan are made to eligible participants following the end of each calendar year. Generally, the matching contribution rate for calendar year 2011 was, and the matching contribution rate for calendar year 2012 will be, 4.5% of eligible compensation over the Code Section 401(a)(17) limit for each calendar year ($245,000 for 2011 and $250,000 for 2012), with a $1,500,000 cap on eligible compensation for each calendar year. The matching contribution rate for calendar years 2011 and 2012 is the same as in the 401(k) Plan for both years. Participants must be actively employed by Cisco on the last day of a calendar year to receive a matching contribution under the Deferred Compensation Plan. The amounts in this column reflect the sum of (i) actual calendar year 2011 matching contributions, excluding the portion of those contributions related to deferrals of fiscal 2011 salary and non-equity incentive plan compensation, and (ii) estimated calendar year 2012 matching contributions related to deferrals of fiscal 2012 salary and non-equity incentive plan compensation during calendar year 2012 that are expected to be credited to the accounts of the named executive officers at the end of calendar year 2012.

(5) The dollar amounts in the table shown for Mr. Elfrink were converted from euros. The conversion rate from euros to U.S. dollars is based on the exchange rate of 1.2301 dollars per euro in effect on the last day of fiscal 2012.

(6) This amount was included in fiscal 2012 compensation in the “All Other Compensation” column of the Summary Compensation Table. Cisco makes contributions to the Netherlands Capital Plan on the first day of each calendar year equal to a percentage of Mr. Elfrink’s base salary and his bonus paid during the prior calendar year. Except as provided in the last sentence of this footnote, Cisco’s contribution to the Netherlands Capital Plan is determined as discussed below. These contribution percentages for Mr. Elfrink for fiscal 2012 were approximately 20% of eligible earnings. The amount in this column reflects the sum of Cisco’s contributions for Mr. Elfrink during fiscal 2012. The amount in the column does not include contributions under the Netherlands Capital Plan listed in footnote 10 to the Summary Compensation Table relating to a survivor’s death benefit, an orphan’s death benefit and a disability benefit, which benefits are described under the “Potential Payments upon Termination or Change in Control” below.

(7) The return listed in this column represents the dollar value by which the amount available under the Netherlands Capital Plan as of the last day of fiscal 2012, as described below in footnote 8, exceeds or falls short of the sum of (i) the amount available at fiscal 2011 year-end and (ii) the aggregate contributions during fiscal 2012 by Mr. Elfrink and Cisco. The dollar amounts in the table shown for Mr. Elfrink were converted from euros. The conversion rate from euros to U.S. dollars is based on the exchange rate of 1.2301 dollars per euro in effect on the last day of fiscal 2012, including the amount available at fiscal 2011 year-end.

(8) The amount in this column represents the funds available under the Netherlands Capital Plan as of July 28, 2012 that would have been available to Mr. Elfrink to purchase a retirement annuity (covering his life and that of his spouse) had he elected to retire as of that date.

The Deferred Compensation Plan, which became effective on June 25, 2007, is an unfunded and unsecured deferred compensation arrangement that is designed to allow the participants to defer a specified percentage of their base salary (up to 75%), commissions and/or eligible bonuses (up to 100%) in a manner similar to the way in which Cisco’s 401(k) plan operates, but without regard to the maximum deferral limitations imposed on 401(k) plans by the Code. The Deferred Compensation Plan is designed to comply with Code Section 409A. As required by applicable law, participation in the Deferred Compensation Plan is limited to a group of Cisco’s management employees, which group includes each of Cisco’s named executive officers.

Amounts deferred by each participant pursuant to the Deferred Compensation Plan are credited to a bookkeeping account maintained on behalf of that participant. Amounts credited to each participant under the Deferred Compensation Plan are periodically adjusted for earnings and/or losses at a rate that is equal to one or more of the measurement funds selected by the 401(k) Plan Committee and elected by a participant. Currently, the measurement funds consist of the following: Fidelity Money Market Fund; iShares Barclays Aggregate Bond Fund; SPDR S&P 500 ETF Trust; SPDR S&P MidCap 400 ETF Trust; iShares Russell 2000 Index Fund; iShares MCSI EAFE Index Fund; Fidelity Freedom 2010 Fund; Fidelity Freedom 2020 Fund; Fidelity Freedom 2030 Fund; and Fidelity Freedom 2040 Fund.

In addition, Cisco may credit additional matching amounts to a participant's account for any plan year as determined by the Compensation Committee. For calendar years 2012 and 2011, there are matching contributions on deferrals over the IRS limitation on compensation that may be taken into account under the 401(k) Plan ($250,000 for 2012 and $245,000 for 2011). Generally, the matching contribution rate for calendar year 2011 was, and the matching contribution rate for calendar year 2012 will be, 4.5% of eligible compensation over the Code Section 401(a)(17) limit, with a $1,500,000 cap on eligible compensation for each calendar year. The matching contribution rate for calendar years 2012 and 2011 is the same as in the 401(k) Plan for both years. Participants must be actively employed by Cisco on the last day of a calendar year to receive a matching contribution under the Deferred Compensation Plan.

Distributions are made in accordance with elections filed by participants at the time of their deferral elections and distributions generally are expected to occur after a participant's separation of service, or in some cases at specified future distribution dates.

The Netherlands Capital Plan is a funded defined contribution plan for eligible employees in the Netherlands that is tax-qualified in the Netherlands in the sense that contributions and earnings are not subject to income taxes until distributed. The Netherlands Capital Plan requires participants to defer 3% of their eligible earnings, while Cisco makes contributions on behalf of eligible participants equal to a percentage of their eligible earnings, based on the participant's age, to fund a defined contribution premium. Eligible earnings are generally comprised of salary and bonus subject to certain caps. These contributions are deposited in an account for each participant and held by an insurance company and are credited with an investment return with a minimum rate guaranteed by the insurance company until each participant retires. In-service withdrawals or distributions are not allowed. Upon retirement, distributions must be used to purchase an annuity providing an annual income to the participant for his life and a survivor's annuity (at 70% of his annual benefit) for the life of his surviving spouse, if any. Pursuant to the Netherlands Capital Plan, Cisco also contributes specified amounts to the participant's separate accounts for pre-retirement death (a survivor benefit and an orphan's benefit) and a disability benefit, as described under "Potential Payments upon Termination or Change in Control" below.

Under the 2005 Stock Incentive Plan, at the election of an eligible employee, the settlement of vested shares underlying restricted stock unit awards may be deferred until either (i) the employee's separation from service with Cisco or (ii) the earlier of an elected future settlement date or the employee's separation from service with Cisco, in each case in accordance with Code Section 409A.

Potential Payments upon Termination or Change in Control

Except for Mr. Elfrink, none of our named executive officers have employment or severance agreements with Cisco, and their employment may be terminated at any time at the discretion of the Board of Directors. For information regarding potential payments upon termination under the Deferred Compensation Plan, in which certain named executive officers participate, the Netherlands Capital Plan, in which Mr. Elfrink participates, and the deferred equity awards of Mr. Moore under the 2005 Stock Incentive Plan, see "Nonqualified Deferred Compensation—Fiscal 2012" above.

Mr. Elfrink—Non-Equity Severance Payments.

Set forth below is a description of the benefits to which Mr. Elfrink or his family would be entitled, assuming a qualifying termination, illness or death on the last business day of fiscal 2012. These benefits would have been payable in euros and unless otherwise noted, the conversion rate from euros to U.S. dollars is based on the exchange rate of 1.2301 dollars per euro in effect on the last day of fiscal 2012.

Severance Payments upon Termination Following Completion of International Assignment . Pursuant to Mr. Elfrink's International Assignment Agreement, upon the successful completion of his international assignment, Cisco has agreed to relocate Mr. Elfrink to the Netherlands and attempt to employ Mr. Elfrink in a comparable position. If Cisco is unable to offer a position to Mr. Elfrink, his employment would terminate and he would be entitled to receive severance compensation equal to 2.25 times his then current annual salary. Using Mr. Elfrink's salary in effect on the last day of fiscal 2012, this amount is estimated at €1,333,737, or $1,640,630 (based on the exchange rate listed above). Mr. Elfrink is employed on an at-will basis, but the termination of Mr. Elfrink's Netherlands employment agreement, as recorded in his International Assignment Agreement, is subject to a notice period of two months plus any fractional month between the date notice is given and the start of the next calendar month.

Payments Due to Mr. Elfrink upon Being Unable to Perform His Duties as a Result of Illness . If Mr. Elfrink is unable to perform his duties as a result of illness, he shall remain entitled to 100% of his annual base salary for one year, or $729,169, and 70% of his annual base salary for a second year, or $510,418 (each estimated based on Mr. Elfrink's salary in effect at the end of fiscal 2012). Any such payments would be reduced by the amount of any financial benefit Mr. Elfrink received through various insurance proceeds, and any other income earned by Mr. Elfrink for services provided to Cisco. Further, if Mr. Elfrink's incapacity to work is caused by a third party, Cisco's obligation to pay Mr. Elfrink's salary may be limited. After the second year of illness, Mr. Elfrink would then be entitled to a disability benefit under the Netherlands Capital Plan in an amount equal to $214,423 per year until Mr. Elfrink reaches the age of 65.

Payments Due Mr. Elfrink's Family upon Death . In the event of Mr. Elfrink's death, his family would be entitled to a survivor death benefit and an orphan's death benefit pursuant to the Netherlands Capital Plan. The survivor death benefit would be payable to his spouse in the amount of $265,463 per year until her death. The orphan's death benefit would be payable to his children in an aggregate amount of $53,093 per year generally until his children reach the age of 18 or in certain circumstances the age of 27.

Acceleration of Equity Awards.

As described above in the "Compensation Discussion and Analysis" section, each outstanding award to all employees under the 2005 Stock Incentive Plan and the 1996 Stock Incentive Plan that is subject to vesting provisions, and each PRSU or PRSU right awarded from time to time, will vest in full (at target levels for PRSUs and PRSU rights) and, if applicable, become immediately exercisable in the event that Cisco is acquired by merger or asset sale, unless the award or related agreement is assumed or replaced by the acquiring entity, or in the event there is a hostile change in control or ownership of Cisco, whether through a tender or exchange offer for more than 35% of Cisco's outstanding voting securities which the Board of Directors does not recommend the shareholders to accept, or a change in the majority of the members of the Board of Directors as a result of one or more contested elections for board membership.

In addition, the Compensation Committee has adopted a policy (the "Death and Terminal Illness Policy") that applies to each outstanding award to all employees (other than as described in this paragraph) and that can be revoked or changed at any time. Pursuant to this policy, if the holder of such an award dies or becomes terminally ill, his or her aggregate awards will generally vest in an amount equal to the greater of (a) 100% of the unvested shares subject to the awards (at target levels for PRSUs) up to a total value of $10 million, net of aggregate exercise or purchase price, or (b) up to one year of vesting from the date of death or determination of terminal illness. For purposes of this policy, shares subject to each award are valued based on the closing share price of Cisco common stock on the date of death or determination of terminal illness. The dollar limit under the Death and Terminal Illness Policy does not apply to an option grant made to Mr. Chambers on August 23, 2004 to purchase up to 1,500,000 shares of Cisco common stock at an exercise price of $19.18 that would vest in full upon Mr. Chambers' death or permanent disability. In addition, for purposes of the stock option agreement relating to the August 23, 2004 grant, "service" includes providing services directly to Cisco or employment by educational or governmental institutions if those institutions' policies preclude continued service to Cisco.

The table below sets forth the intrinsic values that the named executive officers would derive in the event of (a) a hostile change in control of Cisco or change in control in which the awards are not assumed or replaced by the acquiror, or (b) the death or terminal illness of the named executive officer (or permanent disability in the case of the August 23, 2004 option grant to Mr. Chambers), that in either case hypothetically occurred on the last business day of fiscal 2012. For restricted stock unit awards, the intrinsic value is based upon the fiscal 2012 year-end closing share price of Cisco common share of $15.69, and for stock options, the value is based on such $15.69 minus the exercise price of the applicable stock option.

Potential Payments—Accelerated Equity Awards

	Hostile Change in Control or Change in Control in Which Awards Are Not Assumed or Replaced by Acquiror			Death or Terminal Illness		
Name	Intrinsic Value of Accelerated Stock Options ($)	Intrinsic Value of Accelerated Restricted Stock Units and PRSUs ($)	Total Intrinsic Value of Accelerated Equity Awards ($)	Intrinsic Value of Accelerated Stock Options ($)	Intrinsic Value of Accelerated Restricted Stock Units and PRSUs ($)	Total Intrinsic Value of Accelerated Equity Awards ($)
John T. Chambers	—	$ 14,767,428	$14,767,428	—	$ 10,000,000(1)	$10,000,000(1)
Frank A. Calderoni	—	$ 7,128,155	$ 7,128,155	—	$ 7,128,155	$ 7,128,155
Gary B. Moore	—	$ 13,387,132	$13,387,132	—	$ 10,000,000(2)	$10,000,000(2)
Robert W. Lloyd	—	$ 10,208,887	$10,208,887	—	$ 10,000,000(2)	$10,000,000(2)
Wim Elfrink	—	$ 7,939,830	$ 7,939,830	—	$ 7,939,830	$ 7,939,830

(1) Represents the intrinsic value of full acceleration, up to the limit of $10 million, of Mr. Chambers' stock options (other than his August 23, 2004 option grant) and restricted stock unit awards and PRSUs assuming those awards were to be accelerated under the Death and Terminal Illness Policy. Mr. Chambers' August 23, 2004 stock option is not subject to the Death and Terminal Illness Policy and will also accelerate in full in the event of a permanent disability. However, the full acceleration of such stock option would have no intrinsic value based upon the fiscal 2012 year-end closing share price of Cisco common stock. These values have not been, and may never be, realized.

(2) In order to give effect to the aggregate limit of $10 million applicable under the Death and Terminal Illness Policy described above, the full intrinsic value of accelerated stock options is first applied against the dollar limit, and then the intrinsic value of accelerated restricted stock units that would cause the total intrinsic value to exceed the aggregate dollar limit is reduced accordingly.

Potential Continued Vesting of PRSUs upon Retirement.

In the event of the retirement of a named executive officer, and to the extent the named executive officer meets certain retirement eligibility criteria described in the award agreement and complies with certain post-retirement covenants, all PRSUs will continue to vest and any earned PRSUs, based on the satisfaction of the performance metrics, will be settled in Cisco shares at the end of the three-year performance period. Further, PRSUs will be forfeited and provide no value to its holder to the extent the holder violates specific post-retirement covenants. None of the named executive officers would have met the eligibility criteria if their retirement hypothetically occurred on the last business day of fiscal 2012 because one of the eligibility requirements is that the retirement must have occurred on or after the anniversary of the award date of the PRSUs.