CISCO SYSTEMS, INC.
170 West Tasman Drive
San Jose, California, 95134-1706, U.S.A.

CISCO SYSTEMS, INC. EMPLOYEE STOCK PURCHASE PLAN (AS AMENDED AND RESTATED EFFECTIVE DECEMBER 12, 2018) (THE "ESPP")

Prospectus for the employees of certain European Economic Area ("EEA") subsidiaries of Cisco Systems, Inc., subject to the applicable legislation in each country

Pursuant to articles L. 412-1 and L. 621-8 of the *Code Monétaire et Financier* and its General Regulation, in particular articles 211-1 to 216-1 thereof, the *Autorité des marchés financiers* has attached visa number 18-496 dated October 26, 2018 onto this prospectus. This prospectus was established by the issuer and incurs the responsibility of its signatories. The visa, pursuant to the provisions of Article L. 621-8-1-I of the *Code Monétaire et Financier*, was granted after the AMF has verified that the document is complete and comprehensible, and that the information it contains is consistent. The visa represents neither the approval of the worthiness of the operation nor the authentication of the financial and accounting information presented.

This prospectus will be made available in printed form to employees of the EEA subsidiaries of Cisco Systems, Inc. based in countries in which the offering under the plan listed above is considered a public offering, subject to the applicable legislation in each country, at the respective head offices of their employers. In addition, this prospectus along with summary translations will be posted on Cisco Systems, Inc.'s intranet and free copies will be available to the employees upon request by contacting the human resources department of their employers. This prospectus and the French translation of its summary will also be available on the website of the AMF, *www.amf-france.org.*

NOTE TO THE PROSPECTUS

This prospectus contains material information concerning Cisco Systems, Inc. and was established pursuant to articles 211-1 to 216-1 of the AMF General Regulation. Pursuant to Article 25 of Commission Regulation (EC) No 809/2004 of 29 April 2004, as amended (the "Prospectus Regulation"), this prospectus is composed of the following parts in the following order

(1) a table of contents,

(2) the summary provided for in Article 5(2) of Directive 2003/71/EC of the European Parliament and of the European Council of 4 November 2003, as amended (the "Prospectus Directive") (Part I constitutes the prospectus summary),

(3) the risk factors linked to the issuer and the type of security covered by the issue, and

(4) excerpts from Annexes I and III of the Prospectus Regulation which, by application of Articles 3, 4, and 6 of the Prospectus Regulation and question 71 of the European Securities and Markets Authority ("ESMA") Q&A[1] are required for this offering of equity securities to employees of Cisco Systems, Inc. and its affiliates.

This prospectus also contains supplemental information concerning Cisco Systems, Inc. and the ESPP and tax information on awards granted under the ESPP (Part II - Section B), as well as the following document (Exhibit):

- Cisco Systems, Inc. Employee Stock Purchase Plan (as amended and restated effective as of December 12, 2018).

When used in this prospectus, the terms "we," "us" or "our" mean Cisco Systems, Inc. and its subsidiaries.

In this prospectus, "$" refers to U.S. dollars.

[1] Questions and Answers, Prospectuses: 28th updated version – March 2018 (28 March 2018| ESMA-31-62-780).

TABLE OF CONTENTS

Part I constitutes the prospectus summary

COMPANY REPRESENTATIVE FOR PROSPECTUS

1.1 Kelly A. Kramer, Executive Vice President and Chief Financial Officer, acting for and on behalf of Cisco Systems, Inc.

1.2 To my knowledge, and after having taken all reasonable measures for this purpose, the information contained in this prospectus fairly reflects the current situation, and no material omission has been made.

1.3 Cisco Systems, Inc. has obtained a letter from its independent registered public accounting firm in relation to this prospectus. The independent registered public accounting firm has, in accordance with the professional standards and interpretations applicable to it in the United States of America in PCAOB Auditing Standard 2710, *Other Information in Documents Containing Audited Financial Statements*, for the purpose of identifying material inconsistencies with the audited financial statements or a material misstatement of fact, read the prospectus, including the financial information concerning Cisco Systems, Inc. for the fiscal years ended July 28, 2018, July 29, 2017 and July 30, 2016 in Part I - Element B.7 and the Selected Financial Data contained in Part II - Section B.10.1 of this prospectus.

/s/ Kelly A. Kramer
Kelly A. Kramer
Executive Vice President and Chief Financial Officer
Cisco Systems, Inc.
San Jose, California, United States of America
October 25, 2018

PART I — PROSPECTUS SUMMARY

VISA NUMBER 18-496 DATED OCTOBER 26, 2018 OF THE AMF

Summaries are made up of disclosure requirements known as "Elements." These Elements are numbered in Sections A – E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and Issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and Issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of "not applicable."

SECTION A — INTRODUCTION AND WARNINGS		
A.1	**Warning to the reader**	This summary should be read as an introduction to the prospectus. Any decision to invest in the securities should be based on consideration of the prospectus as a whole by the investor. Where a claim relating to the information contained in the prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the prospectus or it does not provide, when read together with the other parts of the prospectus, key information in order to aid investors when considering whether to invest in such securities.
A.2	**Consent to use of the prospectus**	Not applicable. There is no subsequent resale or final placement of securities by financial intermediaries.

SECTION B — ISSUER		
B.1	**Legal and commercial name of the issuer**	Cisco Systems, Inc. ("Cisco" or the "Company").
B.2	**Domicile and legal form of Cisco, the legislation under which the issuer operates and its country of incorporation**	Cisco's principal offices are located at 170 West Tasman Drive, San Jose, California, 95134-1706, U.S.A. The Company is a corporation incorporated under the laws of the State of California, U.S.A.

B.3 **Description of the nature of Cisco's current operations and its principal activities**

Cisco designs and sells a broad range of technologies that have been powering the Internet since 1984. Across networking, security, collaboration, applications and the cloud, Cisco's evolving intent-based technologies are constantly learning and adapting to provide customers with a highly secure, intelligent platform for their digital business.

Cisco conducts its business globally, and manage its business by geography. Its business is organized into the following three geographic segments: Americas; Europe, Middle East, and Africa ("EMEA"); and Asia Pacific, Japan, and China ("APJC").

Its products and technologies are grouped into the following categories: Infrastructure Platforms; Applications; Security and Other Products. In addition to its product offerings, Cisco provides a broad range of service offerings, including technical support services and advanced services. Increasingly, Cisco is delivering its technologies through software and services. Its customers include businesses of all sizes, public institutions, governments, and service providers. These customers often look to Cisco as a strategic partner to help them use information technology ("IT") to differentiate themselves and drive positive business outcomes.

Summarized revenue information by segment for fiscal 2018, 2017 and 2016, is as follows (in millions):

Years Ended	**July 28, 2018**	July 29, 2017	July 30, 2016
Revenue:			
Americas	**$ 29,070**	$ 28,351	$ 29,392
EMEA	**12,425**	12,004	12,302
APJC	**7,834**	7,650	7,553
Total	**$ 49,330**	$ 48,005	$ 49,247

Revenue in the United States was $25.5 billion, $25.0 billion, and $25.9 billion for fiscal 2018, 2017, and 2016, respectively.

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

Years Ended	**July 28, 2018**	July 29, 2017	July 30, 2016
Revenue:			
Infrastructure Platforms	**$ 28,270**	$ 27,779	$ 28,851
Applications	**5,035**	4,568	4,438
Security	**2,353**	2,153	1,969
Other Products(1)	**1,050**	1,205	1,996
Total Product	**36,709**	35,705	37,254
Services	**12,621**	12,300	11,993
Total	**$ 49,330**	$ 48,005	$ 49,247

(1) During the second quarter of fiscal 2016, Cisco completed the sale of its Service Provider Video Connected Devices business ("SP Video CPE Business"). SP Video CPE Business revenue was $504 million for fiscal 2016.

The Company has made certain reclassifications to the product revenue amounts for prior years to conform to the current year's presentation.

B.4a	**Recent trends**	***Financial Results*** On August 15, 2018, Cisco reported its fourth quarter and fiscal year results for the period ended July 28, 2018. Cisco reported fourth quarter revenue of $12.8 billion, net income on a generally accepted accounting principles basis in the United States of America ("U.S. GAAP") of $3.8 billion or $0.81 per share. For the full fiscal year ended July 28, 2018, Cisco reported revenue of $49.3 billion, an increase of 3%, and earnings per share of $0.02 on a U.S. GAAP basis. On September 6, 2018, Cisco filed with the U.S. Securities and Exchange Commission (the "SEC") its Annual Report on Form 10-K for the fiscal year ended July 28, 2018 ("Cisco's Form 10-K"). ***Strategy and Priorities*** As Cisco's customers add billions of new connections to their enterprises, and as more applications move to a multi-cloud environment, Cisco believes the network continues to be extremely critical. Cisco believes that its customers are looking for intent-based networks that provide meaningful business value through automation, security, and analytics across private, hybrid, and multi-cloud environments. Its vision is to deliver highly secure, software-defined, automated and intelligent platforms for its customers. Its strategic priorities include the following: accelerating its pace of innovation, increasing the value of the network, and transforming its business model. ***Acquisition Summary*** The Company completed 8 acquisitions during fiscal 2018: 1. On July 31, 2017, Cisco completed its acquisition of privately held Viptela Inc. ("Viptela"), a provider of software-defined wide area networking products, for a total consideration of approximately $497 million. Revenue from the Viptela acquisition has been included in Cisco's Infrastructure Platforms product category. 2. On September 22, 2017, Cisco completed its acquisition of privately held Springpath, Inc. ("Springpath"), a hyperconvergence software company, for a total consideration of approximately $248 million. Revenue from the Springpath acquisition has been included in Cisco's Infrastructure Platforms product category. 3. On February 1, 2018, Cisco completed its acquisition of publicly held BroadSoft, Inc. ("BroadSoft"), a cloud calling and contact center solutions company, for a total consideration of approximately $2,179 million. Revenue from the BroadSoft acquisition has been included in Cisco's Applications product category. 4. On May 10, 2018, Cisco completed its acquisition of privately held Accompany, a provider of an AI-driven relationship intelligence platform, for a total consideration of approximately $222 million. Results from the Accompany acquisition will be included in Cisco's Applications product category.

		The other four acquisitions, for total consideration of approximately $72 million in cash and assumed equity awards, were not material. ***Pending Divestiture of Service Provider Video Software Solutions Business*** In the fourth quarter of fiscal 2018, Cisco announced a definitive agreement to sell its Service Provider Video Software Solutions business. As of July 28, 2018, this business had tangible assets of approximately $175 million (primarily comprised of accounts receivables, inventories and various other current and long-term assets) and net intangible assets and goodwill (based on relative fair value) of $300 million. In addition, the business had total liabilities of approximately $320 million (primarily comprised of deferred revenue and various other current and long-term liabilities). These assets and liabilities were held for sale and were not presented separately as the amounts were not material to the Consolidated Balance Sheet. Cisco expects to have an immaterial financial statement impact from this transaction upon closing. The transaction is expected to close in the first half of fiscal 2019, subject to customary closing conditions and regulatory approvals. ***Acquisition of Duo Security*** On August 2, 2018, Cisco announced its intent to acquire Duo Security, Inc. ("Duo Security"), the leading provider of unified access security and multi-factor authentication delivered through the cloud. Integrating Cisco's network, device and cloud security platforms with Duo Security's zero-trust authentication and access products is designed to enable customers to easily and securely connect users to any application on any networked device. Under the terms of the agreement, Cisco has agreed to pay approximately $2.35 billion in cash and assumed equity awards to acquire Duo Security. On October 1, 2018, Cisco announced it has completed the acquisition of Duo Security. Upon close of the acquisition, revenue from Duo Security will be included in Cisco's Security product category. ***Restructuring Charges*** Cisco initiated a restructuring plan during fiscal 2018 (the “Fiscal 2018 Plan”), in order to realign its organization and enable further investment in key priority areas. The total pretax charges are estimated to be approximately $300 million. In connection with the Fiscal 2018 Plan, Cisco incurred charges of $108 million during fiscal 2018. These aggregate pretax charges are primarily cash-based and consist of employee severance and other one-time termination benefits, and other associated costs. Cisco expects the Fiscal 2018 Plan to be substantially completed in fiscal 2019.

B.5	**Organizational structure**	Cisco is the parent company of the Cisco group. Cisco holds, directly or indirectly, the capital and voting rights of each of its subsidiaries. In addition, Cisco has investments in publicly traded equity securities and privately held companies. As of July 28, 2018, Cisco had approximately 350 subsidiaries.
B.6	**Interests in Cisco's capital or voting rights**	Not applicable. Pursuant to its Q&A, ESMA considers that Item 18 of Annex I of the Prospectus Regulation is generally not pertinent for offers of shares to employees and can thus be omitted from the prospectus in accordance with Article 23.4 of the Prospectus Regulation.
B.7	**Financial information concerning Cisco for the fiscal years ended July 28, 2018, July 29, 2017 and July 30, 2016**	

The selected financial data of Cisco set out in this prospectus are derived from Cisco's consolidated financial statements and have been prepared in accordance with U.S. GAAP.

SELECTED FINANCIAL DATA
(In millions, except per-share amounts)

Years Ended	**July 28, 2018** (1)	July 29, 2017	July 30, 2016 (2)(3)
Revenue	**$ 49,330**	$ 48,005	$ 49,247
Net income	**$ 110**	$ 9,609	$ 10,739
Net income per share—basic	**$ 0.02**	$ 1.92	$ 2.13
Net income per share—diluted	**$ 0.02**	$ 1.90	$ 2.11
Shares used in per-share calculation—basic	**4,837**	5,010	5,053
Shares used in per-share calculation—diluted	**4,881**	5,049	5,088
Cash dividends declared per common share	**$ 1.24**	$ 1.10	$ 0.94
Net cash provided by operating activities	**$ 13,666**	$ 13,876	$ 13,570
	July 28, 2018	July 29, 2017	July 30, 2016
Cash and cash equivalents and investments	**$ 46,548**	$ 70,492	$ 65,756
Total assets	**$ 108,784**	$ 129,818	$ 121,652
Debt	**$ 25,569**	$ 33,717	$ 28,643
Deferred revenue	**$ 19,685**	$ 18,494	$ 16,472

(1) In fiscal 2018, Cisco recorded a provisional tax expense of $10.4 billion related to the enactment of the Tax Cuts and Job Act (the "Tax Act") comprised of $8.1 billion of U.S. transition tax, $1.2 billion of foreign withholding tax, and $1.1 billion re-measurement of net deferred tax assets and liabilities.

(2) In the second quarter of fiscal 2016, Cisco completed the sale of the SP Video CPE Business. As a result, revenue from this portion of the Service Provider Video product category will not recur in future periods. The sale resulted in a pre-tax gain of $253 million net of certain transaction costs. The year ended July 30, 2016 includes SP Video CPE Business revenue of $504 million.

(3) In fiscal 2016 Cisco recognized total tax benefits of $593 million for the following: i) the Internal Revenue Service ("IRS") and Cisco settled all outstanding items related to Cisco's federal income tax returns for fiscal 2008 through fiscal 2010, as a result of which Cisco recorded a net tax benefit of $367 million; and ii) the Protecting Americans from Tax Hikes Act of 2015 reinstated the U.S. federal research and development ("R&D") tax credit permanently, as a result of which Cisco recognized tax benefits of $226 million, of which $81 million related to fiscal 2015 R&D expenses.

The following table summarizes Cisco's available-for-sale investments (in millions):

July 28, 2018	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Fixed income securities:				
U.S. government securities	$ 7,318	$ —	$ (43)	$ 7,275
U.S. government agency securities	732	—	(5)	727
Non-U.S. government and agency securities	209	—	(1)	208
Corporate debt securities	27,765	44	(445)	27,364
U.S. agency mortgage-backed securities	1,488	—	(53)	1,435
Total fixed income securities	37,512	44	(547)	37,009
Publicly traded equity securities	372	233	—	605
Total	$ 37,884	$ 277	$ (547)	$ 37,614

Net unsettled investment sales as of July 28, 2018 were $1.5 billion and were included in other current assets and other current liabilities.

Non-U.S. government and agency securities include agency and corporate debt securities that are guaranteed by non-U.S. governments.

B.8	**Pro forma financial information**	Not applicable. Pursuant to its Q&A, ESMA considers that Item 20.2 of Annex I of the Prospectus Regulation is generally not pertinent for offers of shares to employees and can thus be omitted from the prospectus in accordance with Article 23.4 of the Prospectus Regulation.
B.9	**Profit forecast or estimate**	Not applicable. This prospectus does not contain any profit forecast or estimate.
B.10	**Qualifications in the audit report on the historical financial information**	Not applicable. There are no such qualifications in the auditors' reports for fiscal years 2018, 2017 or 2016.
B.11	**Working capital statement**	Not applicable. Cisco's working capital is sufficient for its present requirements.

SECTION C — SECURITIES

C.1	**Type and class of the securities being offered, including the security identification code**	Cisco's shares of common stock having a par value of $0.001 ("Shares") offered pursuant to this prospectus can be either authorized but unissued Shares or reacquired Shares, including Shares purchased on the open market. The Shares are or will be, after their issuance, listed on the Nasdaq Global Select Market (the "Nasdaq") under the symbol "CSCO." The CUSIP number for the Shares is 17275R102.

C.2	**Currency of the securities issue**	The United States Dollar is the currency of the securities issue.
C.3	**Number of shares issued**	As of July 28, 2018, Cisco was authorized to issue 20,000,000,000 Shares, and 5,000,000 shares of preferred stock, no par value. As of August 31, 2018, there were 4,571,334,136 Shares outstanding, and no shares of preferred stock were issued and outstanding.
C.4	**Rights attached to the securities**	No eligible employee enrolled in the ESPP ("Participating Employee") shall have any voting, dividend, or other shareholder rights with respect to any offering under the ESPP until the Shares have been purchased and delivered to the Participating Employee. Following such purchase and delivery, the Participating Employee shall be entitled to the rights attached to Shares, as further described below: ***Dividend Rights***. Cisco's Board of Directors ("Board"), subject to restrictions contained in (a) the California Corporations Code of the State of California (US) (the "Cal. Corp. Code"), and (b) Cisco's Restated Articles of Incorporation, may declare and pay dividends upon the Shares. Dividends may be paid in cash, in property or Shares. ***Voting Rights***. The holder of each Share shall have the right to one vote, and shall be entitled to vote upon such matters and in such manner as provided by law. ***Right to Receive Liquidation Distributions***. Upon a liquidation, dissolution or winding up of the Company, the assets legally available for distribution to shareholders are distributable ratably among the holders of the Shares outstanding at that time after the payment of liquidation preferences on any outstanding Series A Preferred Stock. ***No Preemptive, Redemptive or Conversion Provisions***. The Shares are not entitled to preemptive rights and are not subject to conversion or redemption.
C.5	**Transferability restrictions**	Not applicable. The Shares in this offering are registered on Form S-8 with the SEC and are generally freely transferable.
C.6	**Admission to trading on a regulated market**	As noted in Element C.1 above, the Shares are listed on the Nasdaq.
C.7	**Dividend policy**	Cisco paid its first quarterly dividend in 2011, at an amount of $0.06 per Share. Currently, Cisco pays a quarterly dividend of $0.33 per Share. Any future dividends are subject to the approval of the Board.

SECTION D — RISKS		
D.1	**Key risks related to Cisco or its industry**	Set forth below are summaries of the key risks, uncertainties and other factors that may affect Cisco's results of operations and financial condition. The risks and uncertainties described below are not the only ones facing Cisco.

		• Cisco's operating results may be adversely affected by unfavorable economic and market conditions and the uncertain geopolitical environment. • Cisco has been investing and expects to continue to invest in key priority and growth areas as well as maintaining leadership in infrastructure platforms and in services, and if the return on these investments is lower or develops more slowly than Cisco expects, its operating results may be harmed. • Supply chain issues, including financial problems of contract manufacturers or component suppliers, or a shortage of adequate component supply or manufacturing capacity that increased Cisco's costs or caused a delay in its ability to fulfill orders, could have an adverse impact on its business and operating results, and Cisco's failure to estimate customer demand properly may result in excess or obsolete component supply, which could adversely affect its gross margins. • Cisco depends upon the development of new products and enhancements to existing products, and if Cisco fails to predict and respond to emerging technological trends and customers' changing needs, its operating results and market share may suffer. • Cisco has made and expects to continue to make acquisitions that could disrupt its operations and harm its operating results. • Due to the global nature of Cisco's operations, political or economic changes or other factors in a specific country or region could harm its operating results and financial condition. • Cisco is exposed to the credit risk of some of its customers and to credit exposures in weakened markets, which could result in material losses. • Cisco may be found to infringe on intellectual property rights of others. • Adverse resolution of litigation or governmental investigations may harm Cisco's operating results or financial condition. • Man-made problems such as cyber-attacks, data protection breaches, malware or terrorism may disrupt Cisco's operations, harm its operating results and financial condition, and damage its reputation, and cyber-attacks or data protection breaches on its customers' networks, or in cloud-based services provided by or enabled by Cisco, could result in claims of liability against the Company, damage its reputation or otherwise harm its business. • There can be no assurance that Cisco's operating results and financial condition will not be adversely affected by its incurrence of debt. As of the end of fiscal 2018, Cisco has senior unsecured notes outstanding in an aggregate principal amount of $25.8 billion that mature at specific dates from calendar year 2019 through 2040.
D.3	**Key risks related to the shares**	• Cisco's operating results may fluctuate in future periods, which may adversely affect its stock price.

		• Cisco's stock price may be volatile. • Participating Employees assume the risk of any currency and/or market fluctuations at the time of (i) their contribution to the ESPP by payroll deductions and (ii) the selling of their Shares.

SECTION E — OFFER		
E.1	**Net proceeds**	Assuming that each of the 10,241 eligible employees[2] in Austria, Belgium, the Czech Republic, Denmark, France, Germany, Ireland, Italy, the Netherlands, Norway, Poland, Portugal, Spain, Sweden and the United Kingdom (the "Prospectus Directive Countries") would purchase the maximum amount of Shares under the ESPP offered pursuant to this prospectus, that is, a total of 526 Shares each, for a maximum of $21,234.62 in contributions per person, at $40.37 (85% of a hypothetical Share price of $47.49 which was the closing price of the Shares on October 9, 2018), and assuming that the Shares offered under the ESPP would all be newly issued, then the gross proceeds of Cisco in connection with the offer under the ESPP pursuant to this prospectus would be $217,463,743.42. After deducting approximately $170,000 in legal and accounting expenses in connection with the offer, the net proceeds would be approximately $217,293,743.42.
E.2a	**Reasons for the offer and use of proceeds**	The purpose of the ESPP is to provide eligible employees of Cisco's designated subsidiaries and affiliates with an opportunity to acquire a proprietary interest in Cisco through the purchase of Shares at periodic intervals with their accumulated payroll deductions or other approved contributions. The net proceeds will be used for general corporate purposes.
E.3	**Description of the terms and conditions of the offer**	Cisco will offer eligible employees of Cisco and its participating subsidiaries and affiliates the right to purchase or acquire Shares under the ESPP. The offering of the ESPP may be considered a public offering of securities pursuant to the Prospectus Directive in the Prospectus Directive Countries, subject to the applicable legislation in each of these countries. The offering of the ESPP, on the basis described herein, may also be made to employees in the following EEA countries: Bulgaria, Croatia, Cyprus, Estonia, Finland, Greece, Hungary, Latvia, Lithuania, Luxembourg, Romania, Slovakia and Slovenia ("Additional Countries"). Under the Prospectus Directive, such offering in the Additional

2 As of September 28, 2018, there were 124 eligible employees in Austria, 625 eligible employees in Belgium, 269 eligible employees in the Czech Republic, 133 eligible employees in Denmark, 815 eligible employees in France, 1,202 eligible employees in Germany, 263 eligible employees in Ireland, 514 eligible employees in Italy, 571 eligible employees in the Netherlands, 489 eligible employees in Norway, 1,216 eligible employees in Poland, 258 eligible employees in Portugal, 371 eligible employees in Spain, 270 eligible employees in Sweden and 3,078 eligible employees in the United Kingdom. Note that the number of eligible employees in Austria and Denmark is subject to fluctuations and may, as a consequence of new hires during the regular course of business, cross the 150 threshold set forth in Article 3(2)(b) of the Prospectus Directive, during the validity of this prospectus. As a result, the offering of the ESPP in Austria and Denmark would be considered a public offering of securities pursuant to the Prospectus Directive. The calculation related to the net proceeds and the maximum dilution items set forth in this prospectus are based on the expected number of eligible employees in Austria and Denmark (i.e., 150 eligible employees).

		Countries is not considered a public offering of securities and/or is an offering to which the obligation to publish a prospectus does not apply. This prospectus will be made available in printed form to employees of the designated subsidiaries and affiliates of Cisco based in the Prospectus Directive Countries at the respective head offices of their employers. In addition, this prospectus along with summary translations (as applicable) will be posted on Cisco's intranet, and free copies will be available to employees upon their request to the human resources departments of their employers. The ESPP is administered by the Board or by a committee designated by the Board ("Committee") to administer the ESPP. The ESPP is offered in a series of "Purchase Periods." Currently, Cisco offers participation in the ESPP over rolling twenty-four (24) month long offering periods divided into four (4) six- (6) month long Purchase Periods that run from January to June and July to December each year. Eligible employees may elect to become Participating Employees in the ESPP for a particular Purchase Period by completing an enrollment form and submitting it to Cisco by the deadline provided by Cisco, which will generally be at least fifteen (15) days prior to the beginning of each Purchase Period. On the enrollment form, eligible employees authorize their employer to make deductions from their pay checks in an amount up to 10% of their eligible compensation for purchase of Shares under the ESPP. Once enrolled, the Participating Employees may purchase Shares at a discount at the end of each Purchase Period. The purchase price per Share is 85% of the lesser of (1) the fair market value of a Share on the first U.S. business day of the offering period; and (2) the fair market value of a Share on the "purchase date," which is the last U.S. business day of each Purchase Period. The fair market value of a Share will be the closing selling price per Share on the purchase date, as reported on the Nasdaq. Participating Employees do not have to fill out an enrollment form for each offering period; a Participating Employee's enrollment form and participation elections made on such form will be valid for successive offering periods until they withdraw from the ESPP or are no longer eligible to participate. A Participating Employee may elect to increase or decrease his or her percentage of payroll deductions by filing a notification with Cisco by the time and in the manner specified by Cisco; however an election to increase the percentage of payroll deductions will not be effective until the first Purchase Period following the filing of the notification. In addition, a Participating Employee may withdraw from participation in the ESPP by filing the prescribed notification form with Cisco on or prior to the date required by Cisco, which will generally be at least fifteen days prior to the beginning of the next Purchase Period. As of July 28, 2018, 78 million Shares remained available for issuance under the ESPP (out of a maximum of 621.4 million Shares that had been reserved for issuance under the ESPP as of July 28, 2018). The ESPP is scheduled to terminate upon the earlier of (i) January 3, 2020 or (ii) the date on which all Shares available for issuance under the

		ESPP are sold pursuant to exercised purchase rights. On October 3, 2018, the Board approved the amendment and restatement of the ESPP. The main purpose of this amendment and restatement of the ESPP is to (i) extend the term by ten years, (ii) facilitate ESPP offerings to employees and subsidiaries outside the U.S; and (iii) increase the maximum number of Shares authorized for issuance over the term of the ESPP by 100 million Shares. Cisco's shareholders will vote on the amendment and restatement of the ESPP at the shareholders' meeting to be held on December 12, 2018 (the "Shareholders' Meeting"). If Cisco's shareholders approve the amendment and restatement of the ESPP: • the term of the ESPP will be extended upon the earlier of (i) January 3, 2030 and (ii) the date on which all shares available for issuance thereunder are sold pursuant to exercised purchase rights; • the number of Shares reserved for issuance under the ESPP will be increased to 721.4 million Shares; and • administrative changes to the ESPP will be made to facilitate ESPP offerings to employees and subsidiaries outside the U.S. If Cisco's shareholders do not approve the amendment and restatement of to the ESPP, Cisco will continue to offer participation in the ESPP as described herein and the number of Shares reserved for issuance under the ESPP will remain at 621.4 million Shares and the ESPP's term will not be extended. During the next twelve months, a maximum of 5,386,766 Shares will be offered to the 10,241 eligible employees pursuant to this prospectus. Such Shares can be either authorized but unissued Shares or reacquired Shares, including Shares purchased on the open market, in the sole discretion of the Board. The decision of the Board on the type of Shares made available for issuance under the ESPP does not impact the purchase price of the Shares paid by the Participating Employees.
E.4	**Description of material interest to the offer including conflict of interests**	Not applicable. There are no such interests.
E.5	**Name of the entity offering to sell the security**	Cisco Systems, Inc.

<table>
<tr><td rowspan="4">E.6</td><td rowspan="4">Maximum dilution</td><td colspan="3">Assuming that the Shares offered under the ESPP pursuant to this prospectus to the 10,241 eligible employees in the Prospectus Directive Countries would all be newly issued, the holdings of a shareholder of Cisco currently holding 1% of the total outstanding share capital of Cisco as of August 31, 2018, i.e., 45,713,341 Shares, and who is not an eligible employee participating in the offer, would be diluted as indicated in the following table:</td></tr>
<tr><td></td><td>Percentage of the total outstanding Shares</td><td>Total number of outstanding Shares</td></tr>
<tr><td>Before the issuance of Shares under the ESPP (as of August 31, 2018)</td><td>1.00%</td><td>4,571,334,136</td></tr>
<tr><td>After issuance of 5,386,766 Shares under the ESPP</td><td>0.998%</td><td>4,576,720,902</td></tr>
<tr><td>E.7</td><td>Estimated expenses charged to the investor</td><td colspan="3">Not applicable. There are no such expenses.</td></tr>
</table>

THE FOLLOWING INFORMATION IS NOT PART OF THE PROSPECTUS SUMMARY

PART II — PROSPECTUS

SECTION A — RISK FACTORS

I. RISKS RELATED TO CISCO'S BUSINESS AND INDUSTRY

Set forth below in this prospectus and elsewhere in Cisco's Form 10-K and in other documents we file with the SEC are descriptions of the risks and uncertainties that could cause our actual results to differ materially from the results contemplated by the forward-looking statements contained in Cisco's Form 10-K.

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

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

- Fluctuations in demand for our products and services, especially with respect to service providers and Internet businesses, in part due to changes in the global economic environment
- Changes in sales and implementation cycles for our products and reduced visibility into our customers' spending plans and associated revenue
- Our ability to maintain appropriate inventory levels and purchase commitments
- Price and product competition in the communications and networking industries, which can change rapidly due to technological innovation and different business models from various geographic regions
- The overall movement toward industry consolidation among both our competitors and our customers
- The introduction and market acceptance of new technologies and products, and our success in new and evolving markets, and in emerging technologies, as well as the adoption of new standards
- The transformation of our business to deliver more software and subscription offerings where revenue is recognized over time
- Variations in sales channels, product costs, mix of products sold, or mix of direct sales and indirect sales
- The timing, size, and mix of orders from customers
- Manufacturing and customer lead times
- Fluctuations in our gross margins, and the factors that contribute to such fluctuations, as described below

- The ability of our customers, channel partners, contract manufacturers and suppliers to obtain financing or to fund capital expenditures, especially during a period of global credit market disruption or in the event of customer, channel partner, contract manufacturer or supplier financial problems

- Actual events, circumstances, outcomes, and amounts differing from judgments, assumptions, and estimates used in determining the values of certain assets (including the amounts of related valuation allowances), liabilities, and other items reflected in our Consolidated Financial Statements

- How well we execute on our strategy and operating plans and the impact of changes in our business model that could result in significant restructuring charges

- Our ability to achieve targeted cost reductions

- Benefits anticipated from our investments in engineering, sales, service, and marketing

- Changes in tax laws or accounting rules, or interpretations thereof

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

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

Challenging economic conditions worldwide have from time to time contributed, and may continue to contribute, to slowdowns in the communications and networking industries at large, as well as in specific segments and markets in which we operate, resulting in:

- Reduced demand for our products as a result of continued constraints on IT-related capital spending by our customers, particularly service providers, and other customer markets as well

- Increased price competition for our products, not only from our competitors but also as a consequence of customers disposing of unutilized products

- Risk of excess and obsolete inventories

- Risk of supply constraints

- Risk of excess facilities and manufacturing capacity

- Higher overhead costs as a percentage of revenue and higher interest expense

The global macroeconomic environment has been challenging and inconsistent. Instability in the global credit markets, the impact of uncertainty regarding global central bank monetary policy, the instability in the geopolitical environment in many parts of the world including as a result of the recent United Kingdom “Brexit” referendum to withdraw from the European Union, the current economic challenges in China, including global economic ramifications of Chinese economic difficulties, and other disruptions may continue to put pressure on global economic conditions. If global economic and market conditions, or economic conditions in key markets, remain uncertain or deteriorate further, we may experience material impacts on our business, operating results, and financial condition.

Our operating results in one or more segments may also be affected by uncertain or changing economic conditions particularly germane to that segment or to particular customer markets within that segment. For example, emerging countries in the aggregate experienced a decline in product orders in the first quarter of fiscal 2018, in fiscal 2017 and in certain prior periods.

In addition, reports of certain intelligence gathering methods of the U.S. government could affect customers' perception of the products of IT companies which design and manufacture products in the United States. Trust and confidence in us as an IT supplier is critical to the development and growth of our markets. Impairment of that trust, or foreign regulatory actions taken in response to reports of certain intelligence gathering methods of the U.S. government, could affect the demand for our products from customers outside of the United States and could have an adverse effect on our operating results.

We have been investing and expect to continue to invest in key priority and growth areas as well as maintaining leadership in infrastructure platforms and in services, and if the return on these investments is lower or develops more slowly than we expect, our operating results may be harmed

We expect to realign and dedicate resources into key priority and growth areas, such as Security and Applications, while also focusing on maintaining leadership in Infrastructure Platforms and in Services. However, the return on our investments may be lower, or may develop more slowly, than we expect. If we do not achieve the benefits anticipated from these investments (including if our selection of areas for investment does not play out as we expect), or if the achievement of these benefits is delayed, our operating results may be adversely affected.

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

As a result of a variety of factors discussed in Cisco's Form 10-K, our revenue for a particular quarter is difficult to predict, especially in light of a challenging and inconsistent global macroeconomic environment and related market uncertainty.

Our revenue may grow at a slower rate than in past periods or decline as it did in the first quarter of fiscal 2018 and in fiscal 2017 on a year-over-year basis. Our ability to meet financial expectations could also be adversely affected if the nonlinear sales pattern seen in some of our past quarters recurs in future periods. We have experienced periods of time during which shipments have exceeded net bookings or manufacturing issues have delayed shipments, leading to nonlinearity in shipping patterns. In addition to making it difficult to predict revenue for a particular period, nonlinearity in shipping can increase costs, because irregular shipment patterns result in periods of underutilized capacity and periods in which overtime expenses may be incurred, as well as in potential additional inventory management-related costs. In addition, to the extent that manufacturing issues and any related component shortages result in delayed shipments in the future, and particularly in periods in which our contract manufacturers are operating at higher levels of capacity, it is possible that revenue for a quarter could be adversely affected if such matters occur and are not remediated within the same quarter.

The timing of large orders can also have a significant effect on our business and operating results from quarter to quarter, primarily in the United States and in emerging countries. From time to time, we receive large orders that have a significant effect on our operating results in the period in which the order is recognized as revenue. The timing of such orders is difficult to predict, and the timing of revenue recognition from such orders may affect period to period changes in revenue. As a result, our operating results could vary materially from quarter to quarter based on the receipt of such orders and their ultimate recognition as revenue.

Inventory management remains an area of focus. We have experienced longer than normal manufacturing lead times in the past which have caused some customers to place the same order multiple times within our various sales channels and to cancel the duplicative orders upon receipt of the product, or to place orders with other vendors with shorter manufacturing lead times. Such multiple ordering (along with other factors) or risk of order cancellation may cause difficulty in predicting our revenue and, as a result, could impair our ability to manage parts inventory effectively. In addition, our efforts to improve manufacturing lead-time performance may result in corresponding reductions in order backlog. A decline in backlog levels could result in more variability and less predictability in our quarter-to-quarter revenue and operating results. In addition, when facing component supply-related challenges we have increased our efforts in procuring components in order to meet customer expectations, which in turn contribute to an increase in purchase commitments. Increases in our purchase commitments to shorten lead times could also lead to excess and obsolete inventory charges if the demand for our products is less than our expectations.

We plan our operating expense levels based primarily on forecasted revenue levels. These expenses and the impact of long-term commitments are relatively fixed in the short term. A shortfall in revenue could lead to operating results being below expectations because we may not be able to quickly reduce these fixed expenses in response to short-term business changes.

Any of the above factors could have a material adverse impact on our operations and financial results.

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

Our product gross margins declined on a year-over-year basis and could decline in future quarters due to adverse impacts from various factors, including:

- Changes in customer, geographic, or product mix, including mix of configurations within each product group
- Introduction of new products, including products with price-performance advantages, and new business models including the transformation of our business to deliver more software and subscription offerings
- Our ability to reduce production costs
- Entry into new markets or growth in lower margin markets, including markets with different pricing and cost structures, through acquisitions or internal development
- Sales discounts
- Increases in material, labor or other manufacturing-related costs, which could be significant especially during periods of supply constraints such as those impacting the market for memory components
- Excess inventory and inventory holding charges
- Obsolescence charges
- Changes in shipment volume
- The timing of revenue recognition and revenue deferrals
- Increased cost (including those caused by tariffs), loss of cost savings or dilution of savings due to changes in component pricing or charges incurred due to inventory holding periods if parts ordering does not correctly anticipate product demand or if the financial health of either contract manufacturers or suppliers deteriorates

- Lower than expected benefits from value engineering
- Increased price competition, including competitors from Asia, especially from China
- Changes in distribution channels
- Increased warranty costs
- Increased amortization of purchased intangible assets, especially from acquisitions
- How well we execute on our strategy and operating plans

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

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

Sales to the service provider market have been characterized by large and sporadic purchases, especially relating to our router sales and sales of certain other Infrastructure Platforms and Applications products, in addition to longer sales cycles. Although product orders from the service provider market increased in the fourth quarter of fiscal 2018, service provider product orders decreased in the first nine months of fiscal 2018 and in fiscal 2017, and at various times in the past we have experienced significant weakness in product orders from service providers. Product orders from the service provider market could continue to decline and, as has been the case in the past, such weakness could persist over extended periods of time given fluctuating market conditions. Sales activity in this industry depends upon the stage of completion of expanding network infrastructures; the availability of funding; and the extent to which service providers are affected by regulatory, economic, and business conditions in the country of operations. Weakness in orders from this industry, including as a result of any slowdown in capital expenditures by service providers (which may be more prevalent during a global economic downturn, or periods of economic, political or regulatory uncertainty), could have a material adverse effect on our business, operating results, and financial condition. Such slowdowns may continue or recur in future periods. Orders from this industry could decline for many reasons other than the competitiveness of our products and services within their respective markets. For example, in the past, many of our service provider customers have been materially and adversely affected by slowdowns in the general economy, by overcapacity, by changes in the service provider market, by regulatory developments, and by constraints on capital availability, resulting in business failures and substantial reductions in spending and expansion plans. These conditions have materially harmed our business and operating results in the past, and some of these or other conditions in the service provider market could affect our business and operating results in any future period. Finally, service provider customers typically have longer implementation cycles; require a broader range of services, including design services; demand that vendors take on a larger share of risks; often require acceptance provisions, which can lead to a delay in revenue recognition; and expect financing from vendors. All these factors can add further risk to business conducted with service providers.

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

If we fail to manage distribution of our products and services properly, or if our distributors' financial condition or operations weaken, our revenue and gross margins could be adversely affected.

A substantial portion of our products and services is sold through our channel partners, and the remainder is sold through direct sales. Our channel partners include systems integrators, service providers, other resellers, and distributors. Systems integrators and service providers typically sell directly to end users and often provide system installation, technical support, professional services, and other support services in addition to network equipment sales. Systems integrators also typically integrate our products into an overall solution, and a number of service providers are also systems integrators. Distributors stock inventory and typically sell to systems integrators, service providers, and other resellers. We refer to sales through distributors as our two-tier system of sales to the end customer. Revenue from distributors is generally recognized based on a sell-through method using information provided by them. These distributors are generally given business terms that allow them to return a portion of inventory, receive credits for changes in selling prices, and participate in various cooperative marketing programs. If sales through indirect channels increase, this may lead to greater difficulty in forecasting the mix of our products and, to a degree, the timing of orders from our customers.

Historically, we have seen fluctuations in our gross margins based on changes in the balance of our distribution channels. Although variability to date has not been significant, there can be no assurance that changes in the balance of our distribution model in future periods would not have an adverse effect on our gross margins and profitability.

Some factors could result in disruption of or changes in our distribution model, which could harm our sales and margins, including the following:

- We compete with some of our channel partners, including through our direct sales, which may lead these channel partners to use other suppliers that do not directly sell their own products or otherwise compete with them
- Some of our channel partners may demand that we absorb a greater share of the risks that their customers may ask them to bear
- Some of our channel partners may have insufficient financial resources and may not be able to withstand changes and challenges in business conditions
- Revenue from indirect sales could suffer if our distributors' financial condition or operations weaken

In addition, we depend on our channel partners globally to comply with applicable regulatory requirements. To the extent that they fail to do so, that could have a material adverse effect on our business, operating results, and financial condition. Further, sales of our products outside of agreed territories can result in disruption to our distribution channels.

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

The markets in which we compete are characterized by rapid change, converging technologies, and a migration to networking and communications solutions that offer relative advantages. These market factors represent a competitive threat to us. We compete with numerous vendors in each product category. The overall number of our competitors providing niche product solutions may increase. Also, the identity and composition of competitors may change as we increase our activity in newer product areas, and in key priority and growth areas. For example, as products related to network programmability, such as software-defined network products, become more prevalent, we expect to face increased competition from companies that develop networking products based on commoditized hardware, referred to as "white box" hardware, to the extent customers decide to purchase those product offerings instead of ours. In addition, the growth in demand for technology delivered as a service enables new competitors to enter the market.

As we continue to expand globally, we may see new competition in different geographic regions. In particular, we have experienced price-focused competition from competitors in Asia, especially from

China, and we anticipate this will continue. For information regarding our competitors, see the section entitled "Competition" contained in *Item 1. Business* of Cisco's Form 10-K.

Some of our competitors compete across many of our product lines, while others are primarily focused in a specific product area. Barriers to entry are relatively low, and new ventures to create products that do or could compete with our products are regularly formed. In addition, some of our competitors may have greater resources, including technical and engineering resources, than we do. As we expand into new markets, we will face competition not only from our existing competitors but also from other competitors, including existing companies with strong technological, marketing, and sales positions in those markets. We also sometimes face competition from resellers and distributors of our products. Companies with which we have strategic alliances in some areas may be competitors in other areas, and in our view this trend may increase.

For example, the enterprise data center is undergoing a fundamental transformation arising from the convergence of technologies, including computing, networking, storage, and software, that previously were segregated. Due to several factors, including the availability of highly scalable and general purpose microprocessors, application-specific integrated circuits offering advanced services, standards based protocols, cloud computing and virtualization, the convergence of technologies within the enterprise data center is spanning multiple, previously independent, technology segments. Also, some of our current and potential competitors for enterprise data center business have made acquisitions, or announced new strategic alliances, designed to position them to provide end-to-end technology solutions for the enterprise data center. As a result of all of these developments, we face greater competition in the development and sale of enterprise data center technologies, including competition from entities that are among our long-term strategic alliance partners. Companies that are strategic alliance partners in some areas of our business may acquire or form alliances with our competitors, thereby reducing their business with us.

The principal competitive factors in the markets in which we presently compete and may compete in the future include:

- The ability to sell successful business outcomes
- The ability to provide a broad range of networking and communications products and services
- Product performance
- Price
- The ability to introduce new products, including providing continuous new customer value and products with price-performance advantages
- The ability to reduce production costs
- The ability to provide value-added features such as security, reliability, and investment protection
- Conformance to standards
- Market presence
- The ability to provide financing
- Disruptive technology shifts and new business models

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

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

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

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

The fact that we do not own or operate the bulk of our manufacturing facilities and that we are reliant on our extended supply chain could have an adverse impact on the supply of our products and on our business and operating results:

- Any financial problems of either contract manufacturers or component suppliers could either limit supply or increase costs
- Reservation of manufacturing capacity at our contract manufacturers by other companies, inside or outside of our industry, could either limit supply or increase costs
- Industry consolidation occurring within one or more component supplier markets, such as the semiconductor market, could either limit supply or increase costs

A reduction or interruption in supply; a significant increase in the price of one or more components; a failure to adequately authorize procurement of inventory by our contract manufacturers; a failure to appropriately cancel, reschedule, or adjust our requirements based on our business needs; or a decrease in demand for our products could materially adversely affect our business, operating results, and financial condition and could materially damage customer relationships. Furthermore, as a result of binding price or purchase commitments with suppliers, we may be obligated to purchase components at prices that are higher than those available in the current market. In the event that we become committed to purchase components at prices in excess of the current market price when the components are actually used, our gross margins could decrease. We have experienced longer than normal lead times in the past. Although we have generally secured additional supply or taken other mitigation actions when significant disruptions have occurred, if similar situations occur in the future, they could have a material adverse effect on our business, results of operations, and financial condition. See the risk factor above entitled “Our revenue for a particular period is difficult to predict, and a shortfall in revenue may harm our operating results.”

Our growth and ability to meet customer demands depend in part on our ability to obtain timely deliveries of parts from our suppliers and contract manufacturers. We have experienced component shortages in the past, including shortages caused by manufacturing process issues, that have affected our operations. We may in the future experience a shortage of certain component parts as a result of our own manufacturing issues, manufacturing issues at our suppliers or contract manufacturers, capacity problems experienced by our suppliers or contract manufacturers including capacity or cost problems resulting from industry consolidation, or strong demand in the industry for those parts. Growth in the economy is likely to create greater pressures on us and our suppliers to accurately project overall component demand and component demands within specific product categories and to establish optimal component levels and manufacturing capacity, especially for labor-intensive components, components for which we purchase a substantial portion of the supply, or the re-ramping of manufacturing capacity for highly complex products. During periods of shortages or delays the price of components may increase, or the components may not be available at all, and we may also encounter shortages if we do not accurately anticipate our needs. We may not be able to secure enough components at reasonable prices or of acceptable quality to build new products in a timely manner in the quantities or configurations needed. Accordingly, our revenue and gross margins could suffer until other sources can be developed. Our operating results would also be adversely affected if, anticipating greater demand than actually develops, we commit to the purchase of more components than we need, which is more likely to occur in a period of demand uncertainties such as we are currently experiencing. There can be no assurance that we will not encounter these problems in the future. Although in many cases we use standard parts and components for our products, certain components are presently available only from a single source or limited sources, and a global economic downturn and related market uncertainty could negatively impact the availability of components from one or more of these sources, especially during times such as we have recently seen when there are supplier constraints based on labor and other actions taken during economic downturns. We may not be able to diversify sources in a timely manner, which could harm our ability to deliver products to customers and seriously impact present and future sales.

We believe that we may be faced with the following challenges in the future:

- New markets in which we participate may grow quickly, which may make it difficult to quickly obtain significant component capacity

- As we acquire companies and new technologies, we may be dependent, at least initially, on unfamiliar supply chains or relatively small supply partners

- We face competition for certain components that are supply-constrained, from existing competitors, and companies in other markets

Manufacturing capacity and component supply constraints could continue to be significant issues for us. We purchase components from a variety of suppliers and use several contract manufacturers to provide manufacturing services for our products. During the normal course of business, in order to improve manufacturing lead-time performance and to help ensure adequate component supply, we enter into agreements with contract manufacturers and suppliers that either allow them to procure inventory based upon criteria as defined by us or that establish the parameters defining our requirements. In certain instances, these agreements allow us the option to cancel, reschedule, and adjust our requirements based on our business needs prior to firm orders being placed. When facing component supply-related challenges we have increased our efforts in procuring components in order to meet customer expectations, which in turn contributes to an increase in purchase commitments. Increases in our purchase commitments to shorten lead times could also lead to excess and obsolete inventory charges if the demand for our products is less than our expectations. If we fail to anticipate customer demand properly, an oversupply of parts could result in excess or obsolete components that could adversely affect our gross margins. For additional information regarding our purchase commitments with contract manufacturers and suppliers, see Section B.5.3 of Part II of this prospectus.

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

The markets for our products are characterized by rapidly changing technology, evolving industry standards, new product introductions, and evolving methods of building and operating networks. Our operating results depend on our ability to develop and introduce new products into existing and emerging markets and to reduce the production costs of existing products. Many of our strategic initiatives and investments we have made, and our architectural approach, are designed to enable the increased use of the network as the platform for automating, orchestrating, integrating, and delivering an ever-increasing array of IT-based products and services. For example, in June 2017 we announced our Catalyst 9000 series of switches which represent the initial foundation of our intent-based networking capabilities. Other current initiatives include our focus on security; the market transition related to digital transformation and IoT; the transition in cloud; and the move towards more programmable, flexible and virtual networks.

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

Our strategy is to lead our customers in their digital transition with solutions that deliver greater agility, productivity, security and other advanced network capabilities, and that intelligently connect nearly everything that can be connected. Over the last few years, we have been transforming our business to move from selling individual products and services to selling products and services integrated into architectures and solutions, and we are seeking to meet the evolving needs of customers which include offering our products and solutions in the manner in which customers wish to consume them. As a part of this transformation, we continue to make changes to how we are organized and how we build and deliver our technology, including changes in our business models with customers. If our strategy for addressing our customer needs, or the architectures and solutions we develop do not meet those needs, or the changes we are making in how we are organized and how we build and deliver or technology is incorrect or ineffective, our business could be harmed.

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

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

In response to changes in industry and market conditions, we may be required to strategically realign our resources and to consider restructuring, disposing of, or otherwise exiting businesses. Any resource realignment, or decision to limit investment in or dispose of or otherwise exit businesses, may result in the recording of special charges, such as inventory and technology-related write-offs, workforce reduction or restructuring costs, charges relating to consolidation of excess facilities, or claims from third parties who were resellers or users of discontinued products. Our estimates with respect to the useful life or ultimate recoverability of our carrying basis of assets, including purchased intangible assets, could change as a result of such assessments and decisions. Although in certain instances our supply agreements allow us the option to cancel, reschedule, and adjust our requirements based on our business needs prior to firm orders being placed, our loss contingencies may include liabilities for contracts that we cannot cancel with contract manufacturers and suppliers. Further, our estimates relating to the liabilities for excess facilities are affected by changes in real estate market conditions. Additionally, we are required to perform goodwill impairment tests on an annual basis and between annual tests in certain circumstances, and future goodwill impairment tests may result in a charge to earnings.

We initiated a restructuring plan in the third quarter of fiscal 2018. The implementation of this restructuring plan may be disruptive to our business, and following completion of the restructuring plan our business may not be more efficient or effective than prior to implementation of the plan. Our restructuring activities, including any related charges and the impact of the related headcount restructurings, could have a material adverse effect on our business, operating results, and financial condition.

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

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

Our business substantially depends upon the continued growth of the internet and internet-based systems

A substantial portion of our business and revenue depends on growth and evolution of the Internet, including the continued development of the Internet and the anticipated market transitions, and on the deployment of our products by customers who depend on such continued growth and evolution. To the extent that an economic slowdown or uncertainty and related reduction in capital spending adversely affect spending on Internet infrastructure, including spending or investment related to anticipated market transitions, we could experience material harm to our business, operating results, and financial condition.

Because of the rapid introduction of new products and changing customer requirements related to matters such as cost-effectiveness and security, we believe that there could be performance problems with Internet communications in the future, which could receive a high degree of publicity and visibility. Because we are a large supplier of networking products, our business, operating results, and financial condition may be materially adversely affected, regardless of whether or not these problems are due to the performance of our own products. Such an event could also result in a material adverse effect on the market price of the Shares independent of direct effects on our business.

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

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

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

Acquisitions may also cause us to:

- Issue Shares that would dilute our current shareholders' percentage ownership
- Use a substantial portion of our cash resources, or incur debt
- Significantly increase our interest expense, leverage and debt service requirements if we incur additional debt to pay for an acquisition
- Assume liabilities
- Record goodwill and intangible assets that are subject to impairment testing on a regular basis and potential periodic impairment charges
- Incur amortization expenses related to certain intangible assets

- Incur tax expenses related to the effect of acquisitions on our legal structure
- Incur large and immediate write-offs and restructuring and other related expenses
- Become subject to intellectual property or other litigation

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

From time to time, we have made acquisitions that resulted in charges in an individual quarter. These charges may occur in any particular quarter, resulting in variability in our quarterly earnings. In addition, our effective tax rate for future periods is uncertain and could be impacted by mergers and acquisitions. Risks related to new product development also apply to acquisitions. See the risk factors above, including the risk factor entitled "We depend upon the development of new products and enhancements to existing products, and if we fail to predict and respond to emerging technological trends and customers' changing needs, our operating results and market share may suffer" for additional information.

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

As we focus on new market opportunities and key priority and growth areas, we will increasingly compete with large telecommunications equipment suppliers as well as startup companies. Several of our competitors may have greater resources, including technical and engineering resources, than we do. Additionally, as customers in these markets complete infrastructure deployments, they may require greater levels of service, support, and financing than we have provided in the past, especially in emerging countries. Demand for these types of service, support, or financing contracts may increase in the future. There can be no assurance that we can provide products, service, support, and financing to effectively compete for these market opportunities.

Further, provision of greater levels of services, support and financing by us may result in a delay in the timing of revenue recognition. In addition, entry into other markets has subjected and will subject us to additional risks, particularly to those markets, including the effects of general market conditions and reduced consumer confidence. For example, as we add direct selling capabilities globally to meet changing customer demands, we will face increased legal and regulatory requirements.

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

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

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

We produce highly complex products that incorporate leading-edge technology, including both hardware and software. Software typically contains bugs that can unexpectedly interfere with expected operations. There can be no assurance that our pre-shipment testing programs will be adequate to detect all defects, either ones in individual products or ones that could affect numerous shipments, which might interfere with customer satisfaction, reduce sales opportunities, or affect gross margins. From time to time, we have had to replace certain components and provide remediation in response to the discovery of defects or bugs in products that we had shipped. There can be no assurance that such remediation, depending on the product involved, would not have a material impact. An inability to cure a product defect could result in the failure of a product line, temporary or permanent withdrawal from a product or market, damage to our reputation, inventory costs, or product reengineering expenses, any of which could have a material impact on our revenue, margins, and net income. For example, in the second quarter of fiscal 2017 we recorded a charge to product cost of sales of $125 million related to the expected remediation costs for anticipated failures in future periods of a widely-used component sourced from a third party which is included in several of our products, and in the second quarter of fiscal 2014 we recorded a pre-tax charge of $655 million related to the expected remediation costs for certain products sold in prior fiscal years containing memory components manufactured by a single supplier between 2005 and 2010.

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

We conduct significant sales and customer support operations in countries around the world. As such, our growth depends in part on our increasing sales into emerging countries. We also depend on non-U.S. operations of our contract manufacturers, component suppliers and distribution partners. Emerging countries in the aggregate experienced a decline in orders in the first quarter of fiscal 2018, in fiscal 2017 and in certain prior periods. We continue to assess the sustainability of any improvements in these countries and there can be no assurance that our investments in these countries will be successful. Our future results could be materially adversely affected by a variety of political, economic or other factors relating to our operations inside and outside the United States, including impacts from global central bank monetary policy; issues related to the political relationship between the United States and other countries that can affect the willingness of customers in those countries to purchase products from companies headquartered in the United States; and the challenging and inconsistent global macroeconomic environment, any or all of which could have a material adverse effect on our operating results and financial condition, including, among others, the following:

- Foreign currency exchange rates
- Political or social unrest
- Economic instability or weakness or natural disasters in a specific country or region, including the current economic challenges in China and global economic ramifications of Chinese economic difficulties; instability as a result of Brexit; environmental protection measures, trade protection measures such as tariffs, and other legal and regulatory requirements, some of which may affect our ability to import our products, to export our products from, or sell our products in various countries
- Political considerations that affect service provider and government spending patterns
- Health or similar issues, such as a pandemic or epidemic
- Difficulties in staffing and managing international operations

- Adverse tax consequences, including imposition of withholding or other taxes on our global operations

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

Most of our sales are on an open credit basis, with typical payment terms of 30 days in the United States and, because of local customs or conditions, longer in some markets outside the United States. We monitor individual customer payment capability in granting such open credit arrangements, seek to limit such open credit to amounts we believe the customers can pay, and maintain reserves we believe are adequate to cover exposure for doubtful accounts. Beyond our open credit arrangements, we have also experienced demands for customer financing and facilitation of leasing arrangements. We expect demand for customer financing to continue, and recently we have been experiencing an increase in this demand as the credit markets have been impacted by the challenging and inconsistent global macroeconomic environment, including increased demand from customers in certain emerging countries.

We believe customer financing is a competitive factor in obtaining business, particularly in serving customers involved in significant infrastructure projects. Our loan financing arrangements may include not only financing the acquisition of our products and services but also providing additional funds for other costs associated with network installation and integration of our products and services.

Our exposure to the credit risks relating to our financing activities described above may increase if our customers are adversely affected by a global economic downturn or periods of economic uncertainty. Although we have programs in place that are designed to monitor and mitigate the associated risk, including monitoring of particular risks in certain geographic areas, there can be no assurance that such programs will be effective in reducing our credit risks.

In the past, there have been significant bankruptcies among customers both on open credit and with loan or lease financing arrangements, particularly among Internet businesses and service providers, causing us to incur economic or financial losses. There can be no assurance that additional losses will not be incurred. Although these losses have not been material to date, future losses, if incurred, could harm our business and have a material adverse effect on our operating results and financial condition. A portion of our sales is derived through our distributors. These distributors are generally given business terms that allow them to return a portion of inventory, receive credits for changes in selling prices, and participate in various cooperative marketing programs. We maintain estimated accruals and allowances for such business terms. However, distributors tend to have more limited financial resources than other resellers and end-user customers and therefore represent potential sources of increased credit risk, because they may be more likely to lack the reserve resources to meet payment obligations. Additionally, to the degree that turmoil in the credit markets makes it more difficult for some customers to obtain financing, those customers' ability to pay could be adversely impacted, which in turn could have a material adverse impact on our business, operating results, and financial condition.

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

We maintain an investment portfolio of various holdings, types, and maturities. These securities are generally classified as available-for-sale and, consequently, are recorded on our Consolidated Balance Sheets at fair value with unrealized gains or losses reported as a component of accumulated other comprehensive income (loss), net of tax. Our portfolio includes fixed income securities and equity investments in publicly traded companies, the values of which are subject to market price volatility to the extent unhedged. If such investments suffer market price declines, as we experienced with some of our investments in the past, we may recognize in earnings the decline in the fair value of our investments below their cost basis when the decline is judged to be other than temporary. For information regarding the sensitivity of and risks associated with the market value of portfolio investments and interest rates, refer to the section titled "Quantitative and Qualitative Disclosures About Market Risk." Our investments in private companies are subject to risk of loss of investment capital. These investments are inherently risky because the markets for the technologies or products they have under development are typically in the early stages and may never materialize. We could lose our entire investment in these companies.

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

Because a significant portion of our business is conducted outside the United States, we face exposure to adverse movements in foreign currency exchange rates. These exposures may change over time as business practices evolve, and they could have a material adverse impact on our financial results and cash flows. Historically, our primary exposures have related to nondollar-denominated sales in Japan, Canada, and Australia and certain nondollar-denominated operating expenses and service cost of sales in Europe, Latin America, and Asia, where we sell primarily in U.S. dollars. Additionally, we have exposures to emerging market currencies, which can have extreme currency volatility. An increase in the value of the dollar could increase the real cost to our customers of our products in those markets outside the United States where we sell in dollars and a weakened dollar could increase the cost of local operating expenses and procurement of raw materials to the extent that we must purchase components in foreign currencies.

Currently, we enter into foreign exchange forward contracts and options to reduce the short-term impact of foreign currency fluctuations on certain foreign currency receivables, investments, and payables. In addition, we periodically hedge anticipated foreign currency cash flows. Our attempts to hedge against these risks may result in an adverse impact on our net income.

Our proprietary rights may prove difficult to enforce

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

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

Third parties, including customers, have in the past and may in the future assert claims or initiate litigation related to exclusive patent, copyright, trademark, and other intellectual property rights to technologies and related standards that are relevant to us. These assertions have increased over time as a result of our growth and the general increase in the pace of patent claims assertions, particularly in the United States. Because of the existence of a large number of patents in the networking field, the secrecy of some pending patents, and the rapid rate of issuance of new patents, it is not economically practical or even possible to determine in advance whether a product or any of its components infringes or will infringe on the patent rights of others. The asserted claims and/or initiated litigation can include claims against us or our manufacturers, suppliers, or customers, alleging infringement of their proprietary rights with respect to our existing or future products or components of those products. Regardless of the merit of these claims, they can be time-consuming, result in costly litigation and diversion of technical and management personnel, or require us to develop a non-infringing technology or enter into license agreements. Where claims are made by customers, resistance even to unmeritorious claims could damage customer relationships. There can be no assurance that licenses will be available on acceptable terms and conditions, if at all, or that our indemnification by our suppliers will be adequate to cover our costs if a claim were brought directly against us or our customers. Furthermore, because of the potential for high court awards that are not necessarily predictable, it is not unusual to find even arguably unmeritorious claims settled for significant amounts. If any infringement or other intellectual property claim made against us by any third party is successful, if we are required to indemnify a customer with respect to a claim against the customer, or if we fail to develop non-infringing technology or license the proprietary rights on commercially reasonable terms and conditions, our business, operating results, and financial condition could be materially and adversely affected. For additional information regarding our indemnification obligations, see "Indemnifications" in Section B.5.3 of Part II contained in this prospectus.

Our exposure to risks associated with the use of intellectual property may be increased as a result of acquisitions, as we have a lower level of visibility into the development process with respect to such technology or the care taken to safeguard against infringement risks. Further, in the past, third parties have made infringement and similar claims after we have acquired technology that had not been asserted prior to our acquisition.

We rely on the availability of third-party licenses

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

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

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

Our operating results and future prospects could be materially harmed by uncertainties of regulation of the internet

Currently, few laws or regulations apply directly to access or commerce on the Internet. We could be materially adversely affected by regulation of the Internet and Internet commerce in any country where we operate. Such regulations could include matters such as voice over the Internet or using IP, encryption technology, sales or other taxes on Internet product or service sales, and access charges for Internet service providers. The adoption of regulation of the Internet and Internet commerce could decrease demand for our products and, at the same time, increase the cost of selling our products, which could have a material adverse effect on our business, operating results, and financial condition.

Changes in telecommunications regulation and tariffs could harm our prospects and future sales

Changes in telecommunications requirements, or regulatory requirements in other industries in which we operate, in the United States or other countries could affect the sales of our products. In particular, we believe that there may be future changes in U.S. telecommunications regulations that could slow the expansion of the service providers' network infrastructures and materially adversely affect our business, operating results, and financial condition, including "net neutrality" rules to the extent they impact decisions on investment in network infrastructure.

Future changes in tariffs by regulatory agencies or application of tariff requirements to currently untariffed services could affect the sales of our products for certain classes of customers. Additionally, in the United States, our products must comply with various requirements and regulations of the Federal Communications Commission and other regulatory authorities. In countries outside of the United States, our products must meet various requirements of local telecommunications and other industry authorities. Changes in tariffs or failure by us to obtain timely approval of products could have a material adverse effect on our business, operating results, and financial condition.

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

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

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

We are a party to lawsuits in the normal course of our business. Litigation can be expensive, lengthy, and disruptive to normal business operations. Moreover, the results of complex legal proceedings are difficult to predict. For example, Brazilian authorities have investigated our Brazilian subsidiary and certain of its former employees, as well as a Brazilian importer of our products, and its affiliates and employees, relating to alleged evasion of import taxes and alleged improper transactions involving the subsidiary and the importer. Brazilian tax authorities have assessed claims against our Brazilian subsidiary based on a theory of joint liability with the Brazilian importer for import taxes, interest, and penalties. The asserted claims by Brazilian federal tax authorities which remain are for calendar years 2003 through 2007, and the asserted claims by the tax authorities from the state of Sao Paulo are for calendar years 2005 through 2007. The total asserted claims by Brazilian state and federal tax authorities aggregate to $218 million for the alleged evasion of import and other taxes, $1.4 billion for interest, and $1.0 billion for various penalties, all determined using an exchange rate as of July 28, 2018. We have completed a thorough review of the matters and believe the asserted claims against our Brazilian subsidiary are without merit, and we are defending the claims vigorously. While we believe there is no legal basis for the alleged liability, due to the complexities and uncertainty surrounding the judicial process in Brazil and the nature of the claims asserting joint liability with the importer, we are unable to determine the likelihood of an unfavorable outcome against our Brazilian subsidiary and are unable to reasonably estimate a range of loss, if any. We do not expect a final judicial determination for several years. An unfavorable resolution of lawsuits or governmental investigations could have a material adverse effect on our business, operating results, or financial condition. For additional information regarding certain of the matters in which we are involved, see "Legal Proceedings" contained in Section B.5.3 of Part II of this prospectus.

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

Our provision for income taxes is subject to volatility and could be adversely affected by earnings being lower than anticipated in countries that have lower tax rates and higher than anticipated in countries that have higher tax rates; by changes in the valuation of our deferred tax assets and liabilities; by changes to domestic manufacturing deduction laws, regulations, or interpretations thereof; by expiration of or lapses in tax incentives; by transfer pricing adjustments, including the effect of acquisitions on our legal structure; by tax effects of nondeductible compensation; by tax costs related to intercompany realignments; by changes in accounting principles; or by changes in tax laws and regulations, treaties, or interpretations thereof, including changes to the taxation of earnings of our foreign subsidiaries, the deductibility of expenses attributable to foreign income, and the foreign tax credit rules. Significant judgment is required to determine the recognition and measurement attribute prescribed in the accounting guidance for uncertainty in income taxes. The Organisation for Economic Co-operation and Development (OECD), an international association comprised of 36 countries, including the United States, has made changes to numerous long-standing tax principles. There can be no assurance that these changes, once adopted by countries, will not have an adverse impact on our provision for income taxes. Further, as a result of certain of our ongoing employment and capital investment actions and commitments, our income in certain countries is subject to reduced tax rates. Our failure to meet these commitments could adversely impact our provision for income taxes. In addition, we are subject to the continuous examination of our income tax returns by the IRS and other tax authorities. We regularly assess the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of our provision for income taxes. There can be no assurance that the outcomes from these continuous examinations will not have an adverse effect on our operating results and financial condition.

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

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

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

Despite our implementation of network security measures, the products and services we sell to customers, and our servers, data centers and the cloud-based solutions on which our data, and data of our customers, suppliers and business partners are stored, are vulnerable to cyber-attacks, data protection breaches, malware, and similar disruptions from unauthorized tampering or human error. Any such event could compromise our networks or those of our customers, and the information stored on our networks or those of our customers could be accessed, publicly disclosed, lost or stolen, which could subject us to liability to our customers, suppliers, business partners and others, and could have a material adverse effect on our business, operating results, and financial condition and may cause damage to our reputation. Efforts to limit the ability of malicious third parties to disrupt the operations of the Internet or undermine our own security efforts may be costly to implement and meet with resistance, and may not be successful. Breaches of network security in our customers' networks, or in cloud-based services provided by or enabled by us, regardless of whether the breach is attributable to a vulnerability in our products or services, could result in claims of liability against us, damage our reputation or otherwise harm our business.

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

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

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

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

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

Our stock price may be volatile

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

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

As of the end of fiscal 2018, we have senior unsecured notes outstanding in an aggregate principal amount of $25.8 billion that mature at specific dates from calendar year 2019 through 2040. We have also established a commercial paper program under which we may issue short-term, unsecured commercial paper notes on a private placement basis up to a maximum aggregate amount outstanding at any time of $10.0 billion, and we had no commercial paper notes outstanding under this program as of July 28, 2018. The outstanding senior unsecured notes bear fixed-rate interest payable semiannually, except $1.0 billion of the notes which bears interest at a floating rate payable quarterly. The fair value of the long-term debt is subject to market interest rate volatility. The instruments governing the senior unsecured notes contain certain covenants applicable to us and our wholly-owned subsidiaries that may adversely affect our ability to incur certain liens or engage in certain types of sale and leaseback transactions. In addition, we will be required to have available in the United States sufficient cash to service the interest on our debt and repay all of our notes on maturity. There can be no assurance that our incurrence of this debt or any future debt will be a better means of providing liquidity to us than would our use of our existing cash resources. Further, we cannot be assured that our maintenance of this indebtedness or incurrence of future indebtedness will not adversely affect our operating results or financial condition. In addition, changes by any rating agency to our credit rating can negatively impact the value and liquidity of both our debt and equity securities, as well as the terms upon which we may borrow under our commercial paper program or future debt issuances.

II. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our financial position is exposed to a variety of risks, including interest rate risk, equity price risk, and foreign currency exchange risk.

2.1 Interest Rate Risk

<u>Fixed Income Securities</u> We maintain an investment portfolio of various holdings, types, and maturities. Our primary objective for holding fixed income securities is to achieve an appropriate investment return consistent with preserving principal and managing risk. At any time, a sharp rise in market interest rates could have a material adverse impact on the fair value of our fixed income investment portfolio. Conversely, declines in interest rates, including the impact from lower credit spreads, could have a material adverse impact on interest income for our investment portfolio. We may utilize derivative instruments designated as hedging instruments to achieve our investment objectives. We had no outstanding hedging instruments for our fixed income securities as of July 28, 2018. Our fixed income

investments are held for purposes other than trading. Our fixed income investments are not leveraged as of July 28, 2018. We monitor our interest rate and credit risks, including our credit exposures to specific rating categories and to individual issuers. We believe the overall credit quality of our portfolio is strong.

The following tables present the hypothetical fair values of our fixed income securities, including the hedging effects when applicable, as a result of selected potential market decreases and increases in interest rates. The market changes reflect immediate hypothetical parallel shifts in the yield curve of plus or minus 50 basis points ("BPS"), plus 100 BPS, and plus 150 BPS. The hypothetical fair values as of July 28, 2018 and July 29, 2017 are as follows (in millions):

	VALUATION OF SECURITIES GIVEN AN INTEREST RATE DECREASE OF X BASIS POINTS			**FAIR VALUE AS OF JULY 28, 2018**	VALUATION OF SECURITIES GIVEN AN INTEREST RATE INCREASE OF X BASIS POINTS		
	(150 BPS)	(100 BPS)	(50 BPS)		50 BPS	100 BPS	150 BPS
Fixed income securities	$37,786	$37,527	$37,268	**$37,009**	$36,750	$36,491	$36,231

	VALUATION OF SECURITIES GIVEN AN INTEREST RATE DECREASE OF X BASIS POINTS			FAIR VALUE AS OF JULY 29, 2017	VALUATION OF SECURITIES GIVEN AN INTEREST RATE INCREASE OF X BASIS POINTS		
	(150 BPS)	(100 BPS)	(50 BPS)		50 BPS	100 BPS	150 BPS
Fixed income securities	$58,728	$58,177	$57,627	$57,077	$56,527	$55,977	$55,426

Financing Receivables As of July 28, 2018, our financing receivables had a carrying value of $9.8 billion, compared with $9.6 billion as of July 29, 2017. As of July 28, 2018, a hypothetical 50 BPS increase or decrease in market interest rates would change the fair value of our financing receivables by a decrease or increase of approximately $0.1 billion, respectively.

Debt As of July 28, 2018, we had $25.8 billion in principal amount of senior notes outstanding, which consisted of $1.0 billion in floating-rate notes and $24.8 billion in fixed-rate notes. The carrying amount of the senior notes was $25.6 billion, and the related fair value based on market prices was $26.4 billion. As of July 28, 2018, a hypothetical 50 BPS increase or decrease in market interest rates would change the fair value of the fixed-rate debt, excluding the $6.8 billion of hedged debt, by a decrease or increase of approximately $0.5 billion, respectively. However, this hypothetical change in interest rates would not impact the interest expense on the fixed-rate debt that is not hedged.

2.2 Equity Price Risk

The fair value of our equity investments in publicly traded companies is subject to market price volatility. We may hold equity securities for strategic purposes or to diversify our overall investment portfolio. Our equity portfolio consists of securities with characteristics that most closely match the Standard & Poor's 500 Index or Nasdaq Composite Index. These equity securities are held for purposes other than trading. To manage our exposure to changes in the fair value of certain equity securities, we may enter into equity derivatives designated as hedging instruments.

Publicly Traded Equity Securities The following tables present the hypothetical fair values of publicly traded equity securities as a result of selected potential decreases and increases in the price of each equity security in the portfolio, excluding hedged equity securities, if any. Potential fluctuations in the price of each equity security in the portfolio of plus or minus 10%, 20%, and 30% were selected based on potential near-term changes in those security prices.

The hypothetical fair values as of July 28, 2018 and July 29, 2017 are as follows (in millions):

	VALUATION OF SECURITIES GIVEN AN X% DECREASE IN EACH STOCK'S PRICE			**FAIR VALUE AS OF JULY 28, 2018**	VALUATION OF SECURITIES GIVEN AN X% INCREASE IN EACH STOCK'S PRICE		
	(30)%	(20)%	(10)%		10%	20%	30%
Publicly traded equity securities	$424	$484	$545	**$605**	$666	$726	$787
	VALUATION OF SECURITIES GIVEN AN X% DECREASE IN EACH STOCK'S PRICE			FAIR VALUE AS OF JULY 29, 2017	VALUATION OF SECURITIES GIVEN AN X% INCREASE IN EACH STOCK'S PRICE		
	(30)%	(20)%	(10)%		10%	20%	30%
Publicly traded equity securities	$1,195	$1,366	$1,536	$1,707	$1,878	$2,048	$2,219

Investments in Privately Held Companies We have also invested in privately held companies. These investments are recorded in other assets in our Consolidated Balance Sheets and are accounted for using primarily either the cost or the equity method. As of July 28, 2018, the total carrying amount of our investments in privately held companies was $1,096 million, compared with $983 million at July 29, 2017. Some of the privately held companies in which we invested are in the startup or development stages. These investments are inherently risky because the markets for the technologies or products these companies are developing are typically in the early stages and may never materialize. We could lose our entire investment in these companies. Our evaluation of investments in privately held companies is based on the fundamentals of the businesses invested in, including, among other factors, the nature of their technologies and potential for financial return.

2.3 Foreign Currency Exchange Risk

Our foreign exchange forward and option contracts outstanding at fiscal year-end are summarized in U.S. dollar equivalents as follows (in millions):

	July 28, 2018		July 29, 2017	
	Notional Amount	**Fair Value**	Notional Amount	Fair Value
Forward contracts:				
Purchased	**$ 1,850**	**$ (2)**	$ 2,562	$ 39
Sold	**$ 845**	**$ 2**	$ 729	$ (2)
Option contracts:				
Purchased	**$ —**	**$ —**	$ 528	$ 7
Sold	**$ —**	**$ —**	$ 486	$ (1)

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

Approximately 70% of our operating expenses are U.S.-dollar denominated. In fiscal 2018, foreign currency fluctuations, net of hedging, increased our combined R&D, sales and marketing, and General & Administrative ("G&A") expenses by approximately $93 million, or 0.5%, as compared with fiscal 2017. In fiscal 2017, foreign currency fluctuations, net of hedging, decreased our combined R&D, sales and marketing, and G&A expenses by approximately $77 million, or 0.4%, as compared with fiscal 2016. To reduce variability in operating expenses and service cost of sales caused by non-U.S.-dollar denominated operating expenses and costs, we may hedge certain forecasted foreign currency transactions with currency options and forward contracts. These hedging programs are not designed to provide foreign currency protection over long time horizons. In designing a specific hedging approach, we consider several factors, including offsetting exposures, significance of exposures, costs associated with entering into a particular hedge instrument, and potential effectiveness of the hedge. The gains and losses on foreign exchange contracts mitigate the effect of currency movements on our operating expenses and service cost of sales.

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

SECTION B — SUPPLEMENTAL INFORMATION CONCERNING CISCO AND THE ESPP

I. THE OUTLINE

1.1 Purpose of the ESPP

The purpose of the ESPP is to provide eligible employees of Cisco's subsidiaries and affiliates outside the United States with an opportunity to acquire a proprietary interest in Cisco through the purchase of Shares at periodic intervals with their accumulated payroll deductions or other approved contributions.

1.2 Shares Offered Under the ESPP

As of July 28, 2018, the total number of Shares reserved for issuance under the ESPP is 621.4 million. The number of Shares reserved for issuance under the ESPP is subject to adjustments effected in accordance with the terms of the ESPP. Each Share has a par value of $0.001.

On October 3, 2018, the Board approved the amendment and restatement of the ESPP. The main purpose of this amendment and restatement of the ESPP is to (i) extend the term by ten years, (ii) facilitate ESPP offerings to employees and subsidiaries outside the U.S; and (iii) increase the maximum number of Shares authorized for issuance over the term of the ESPP by 100 million Shares.

Cisco's shareholders will vote on the amendment and restatement of the ESPP at the Shareholders' Meeting. If Cisco's shareholders approve the amendment and restatement of the ESPP:

- the term of the ESPP will be extended upon the earlier of (i) January 3, 2030 and (ii) the date on which all shares available for issuance thereunder are sold pursuant to exercised purchase rights;
- the number of Shares reserved for issuance under the ESPP will be increased to 721.4 million Shares; and
- administrative changes to the ESPP will be made to facilitate ESPP offerings to employees and subsidiaries outside the U.S.

If Cisco's shareholders do not approve the amendment and restatement of to the ESPP, Cisco will continue to offer participation in the ESPP as described herein and the number of Shares reserved for issuance under the ESPP will remain at 621.4 million Shares and the ESPP's term will not be extended.

As of July 28, 2018, there were 78 million Shares available for issuance under the ESPP, representing approximately 1.7% of the 4,571,334,136 Shares outstanding as of August 31, 2018.

Such Shares can be either authorized but unissued Shares or reacquired Shares, including Shares purchased on the open market, in the sole discretion of the Board. The decision of the Board on the type of Shares made available for issuance under the ESPP does not impact the purchase price of the Shares paid by the Participating Employees.

The Participating Employee shall be granted a separate stock purchase right for each Purchase Period in which he or she participates. The stock purchase right shall be granted on the first day of an offering period and shall be automatically exercised on the last U.S. business day of each Purchase Period.

The number of Shares purchasable by a Participating Employee upon the exercise of an outstanding stock purchase right shall be the number of whole Shares obtained by dividing the amount collected from the Participating Employee through payroll deductions during each Purchase Period by the purchase price in effect for that Purchase Period. However, the maximum number of Shares purchasable by any Participating Employee on any one purchase date shall not exceed 22,500 Shares. Further, under no circumstances will stock purchase rights be granted under the ESPP to any eligible employee: (a) to the extent that such employee would, immediately after the grant, own (within the meaning Section 425(d) of the United States Internal Revenue Code of 1986 (the "Code")), or hold outstanding options or other rights to purchase, stock possessing five percent (5%) or more of the total combined voting power or value of all classes of stock of Cisco or any of its corporate affiliates (*i.e.*, any company which is either the parent corporation or a subsidiary corporation of Cisco, as determined in accordance with Section 424 of the Code) or (b) to the extent that such employee's rights to acquire stock under all employee stock purchase plans (as defined in Section 423 of the Code) of Cisco or any corporate affiliate accrues at a rate which exceeds twenty-five thousand U.S. dollars ($25,000) worth of Shares of Cisco or shares of any corporate affiliate (determined on the basis of the fair market value of the Shares at the time such rights are granted) for each calendar year such rights are at any time outstanding.

In the event any change is made to the Shares purchasable under the ESPP by reason of any merger, consolidation or reorganization or any stock dividend, stock split, recapitalization, combination of Shares or other change affecting the outstanding Shares without Cisco's receipt of consideration, then (unless such change occurs in connection with a merger or liquidation as set forth in Section VII(k) of the U.S. ESPP), appropriate adjustments shall be made to (i) the class and maximum number of Shares issuable in the aggregate over the term of the ESPP, (ii) the class and maximum number of Shares purchasable per Participating Employee on any one purchase date, and (iii) the class and number of Shares and the price per Share subject to each stock purchase right at the time outstanding under the ESPP.

1.3 Purchase Period

The ESPP shall be implemented in a series of consecutive offering periods, each to be of such duration (not to exceed twenty-four months per offering period) as determined by the Committee prior to the commencement date of the offering period. Offering periods may commence at any time as determined by the Committee, including at quarterly or semi-annual intervals over the term of the ESPP. The Committee will announce the date each offering period will commence and the duration of that offering period in advance of the first day of such offering period.

At present, Shares are offered under the ESPP through a series of overlapping offering periods, each with a duration of twenty-four (24) months. Offering periods currently commence on the first U.S. business day of January and July each year, and each consists of a series of four (4) successive six- (6) month Purchase Periods. These Purchase Periods run from the first U.S. business day of January until the last U.S. business day of June each year and from the first U.S. business day of July to the last U.S. business day of December each year. Purchases currently occur on the last U.S. business day of June and December each year. At present, if the fair market value per Share at the beginning of an ongoing offering period is higher than the fair market value per Share on the last U.S. business day of any

Purchase Period during the offering period, then the ongoing offering period under the ESPP will automatically terminate and all Participating Employees in the ongoing offering period will automatically be transferred and enrolled in the subsequent new offering period with the lower price.

An eligible employee may participate in only one offering period at a time. Accordingly, an employee who wishes to join a new offering period must withdraw from the current offering period in which he or she is participating prior to the last day of the relevant Purchase Period, and must also enroll in the new offering period prior to the start date of that new offering period at such time and in such manner as the Committee, in its discretion, requires. The Committee, in its discretion, may require an employee who withdraws from one offering period to wait one full Purchase Period before re-enrolling in a new offering period under the ESPP.

1.4 Purchase Price

The purchase price ("Purchase Price") at which each Share may be acquired upon the exercise of a purchase right is 85% of the lesser of (i) the fair market value per Share on the first U.S. business day of the offering period or (ii) the fair market value per Share on the purchase date, which is the last U.S. business day of the Purchase Period.

For purposes of determining such fair market value (and for all other valuation purposes under the ESPP), the fair market value per Share on any relevant date shall be the closing selling price per Share on such date, as officially quoted on the principal exchange on which the Shares are at the time traded or, if not traded on any such exchange, the closing selling price per Share on such date, as reported on the Nasdaq. If there are no sales of Shares on such day, then the closing selling price for the Shares on the next preceding day for which there does exist such quotation shall be determinative of fair market value.

1.5 Purchase of Shares

On the last U.S. business day of each Purchase Period, each Participating Employee who has not withdrawn from the ESPP and whose participation in the Purchase Period has not been terminated before such date, will automatically acquire the number of whole Shares determined by dividing the amount credited to such Participating Employee's book account under the ESPP during each Purchase Period (as converted into U.S. dollars, if necessary) by the Purchase Price. Please note that the number of Shares purchased may be limited by the Share purchase limitations discussed in Section 1.2 above. Any remaining amount in the Participating Employee's ESPP book account which is not sufficient to purchase a full Share or which has not been used to purchase Shares due to the limitations discussed in Section 1.2 above shall be automatically refunded to the Participating Employee.

If the total number of Shares to be purchased pursuant to outstanding purchase rights on any particular date exceeds the number of Shares then available for issuance under the ESPP, the Committee shall make a pro-rata allocation of the available Shares on a uniform and nondiscriminatory basis, and any amounts credited to the accounts of Participating Employees shall, to the extent not applied to the purchase of Shares, be refunded to the Participating Employees, in the currency in which such deductions were originally collected.

1.6 Term of the ESPP

Unless sooner terminated by the Board or Committee as discussed in Section 1.7 below, the ESPP shall terminate upon the earlier of (i) January 3, 2020, or (ii) the date on which all Shares available for issuance under the ESPP shall have been sold pursuant to purchase rights exercised under the ESPP. Please see Section 1.2 above.

1.7 Termination or Amendment of the ESPP

The Board or the Committee may from time to time alter, amend, suspend or discontinue the ESPP; provided, however, that no such action shall adversely affect purchase rights at the time outstanding under the ESPP; and provided, further, that no such action of the Board or the Committee may, without the approval of Cisco's shareholders, increase the number of Shares issuable under the ESPP (other than through adjustments permitted pursuant to Sections VI(b) and VII(b) of the U.S. ESPP), alter the purchase price formula so as to reduce the Purchase Price specified in the ESPP, or materially modify the requirements for eligibility to participate in the ESPP.

II. ELIGIBILITY

2.1 Eligible Employees

Each individual who is an Employee of a Foreign Subsidiary (as defined in the ESPP) of Cisco on the commencement date of a Purchase Period shall be eligible to participate in the ESPP for that Purchase Period.

2.2 Participation of Eligible Employees

To participate in the ESPP for a particular Purchase Period, an eligible employee must complete the enrollment form prescribed by the Committee and file such form with Cisco by the time and in the manner specified by Cisco. A Participating Employee's election to participate in the ESPP shall remain in effect for successive Purchase Periods unless otherwise terminated or altered.

2.3 Payroll Deductions

The payroll deduction authorized by a Participating Employee for purposes of acquiring Shares under the ESPP may be any multiple of 1% of the eligible compensation paid to the Participating Employee during the period the purchase right remains outstanding, up to a maximum of 10% of eligible compensation per purchase right. For Participating Employees in the ESPP, eligible compensation means the regular basic earnings paid to a Participating Employee, plus overtime payments, bonuses and, commissions and 13th/14th month payments or similar concepts under local law. There shall be excluded from the calculation of eligible compensation (I) all profit-sharing distributions and other incentive-type payments including income from equity incentive awards, and (II) all contributions made by the Company and its foreign subsidiaries for the Participating Employee's benefit under any employee benefit or welfare plan.

If local law does not permit payroll deductions, Participating Employees may participate in the ESPP by means of an alternative form of contribution, as determined by the Committee, subject to the same limitations applicable to payroll deductions.

The deduction or contribution rate authorized by the Participating Employee shall continue in effect for the entire period the purchase right remains outstanding, unless the Participating Employee shall, prior to the end of the Purchase Period for which the purchase right will remain in effect, reduce such rate by filing the appropriate form with Cisco. The reduced rate shall become effective as soon as practicable following the filing of such form. Payroll deductions, however, will automatically cease upon the termination of the Participating Employee's purchase right following his or her withdrawal from the Purchase Period (as discussed below) or termination of employment with a Participating Company (as defined in the ESPP).

The amounts collected from the Participating Employee shall be credited to the Participating Employee's individual book account under the ESPP in the currency in which such amounts are collected.

For purposes of determining the number of Shares purchasable by a Participating Employee, the payroll deductions credited to each Participating Employee's book account during each Purchase Period shall be converted into U.S. dollars on the purchase date for that Purchase Period on the basis of the exchange rate in effect on such date or an exchange rate averaging formula approved by the Committee. The Committee shall have the absolute discretion to determine the applicable exchange rate to be in effect for each purchase date by any reasonable method. Any changes or fluctuations in the exchange rate at which the payroll deductions or other approved contributions collected on the Participating Employee's behalf are converted into U.S. dollars on each purchase date are borne by the Participating Employee.

Accordingly, all purchases of Shares under the ESPP are to be made with the U.S. dollars into which the payroll deductions or other approved contributions for the Purchase Period have been converted. No interest shall be paid on the balance from time to time outstanding in the book account maintained for the Participating Employee, except as otherwise required by local law.

For purposes of determining the number of Shares purchasable by a Participating Employee, the payroll deductions credited to each Participating Employee's book account during each Purchase Period shall be converted into U.S. dollars on the purchase date for that Purchase Period on the basis of the exchange rate in effect on such date or an exchange rate averaging formula approved by the Committee. The Committee shall have the absolute discretion to determine the applicable exchange rate to be in effect for each purchase date by any reasonable method. Any changes or fluctuations in the exchange rate at which the payroll deductions or other approved contributions collected on the Participating Employee's behalf are converted into U.S. dollars on each purchase date are borne by the Participating Employee.

2.4 Discontinuance of Participation of Participating Employees

A Participating Employee may withdraw from a Purchase Period by filing the prescribed notification form with Cisco on or prior to the date required by Cisco, which will generally be at least fifteen days prior to the beginning of the next Purchase Period. Upon receipt of a withdrawal notification, no further payroll deductions shall be collected from the Participating Employee during that Purchase Period, and, with respect to any payroll deductions for the Purchase Period collected prior to the withdrawal date, the Participating Employee may elect to either: (a) have Cisco refund, in the currency originally collected, the payroll deductions which the Participating Employee made under the ESPP during that Purchase Period, or (b) have such payroll deductions held for the purchase of Shares at the end of such Purchase Period. If no such election is made, then such payroll deductions shall automatically be refunded at the end of such Purchase Period, in the currency originally collected.

The Participating Employee's withdrawal from participation in the ESPP shall be irrevocable and shall require the Participating Employee to re-enroll in the ESPP (by making a timely filing of a new enrollment form) if the Participating Employee wishes to participate in a subsequent offering period.

2.5 Termination of Employment of Participating Employees

If a Participating Employee ceases to remain an employee of a Participating Company while his or her purchase right is outstanding, then such purchase right shall immediately terminate and all sums previously collected from the Participating Employee during the Purchase Period in which such termination occurs shall be promptly refunded to the Participating Employee in the currency in which such funds were originally collected.

However, if the Participating Employee dies or becomes permanently disabled while employed or ceases active service by reason of a leave of absence in excess of ninety (90) days, then the Participating Employee (or the person or persons to whom the rights of the deceased Participating Employee under the ESPP are transferred by will or by the laws of descent and distribution) shall, until the end of the applicable Purchase Period, have the election to (i) withdraw all the funds in the Participating Employee's ESPP account at the time of his or her termination of employment or the commencement of leave of absence, or (ii) have such funds held for the purchase of Shares at the end of such Purchase Period. If no election is made, then such funds shall automatically be held for the purchase of Shares at the end of such Purchase Period. In no event, however, shall any further payroll deductions or other contributions be added to the Participating Employee's account following his or her termination of employment or commencement of leave of absence (unless otherwise required under local law).

III. DELIVERY AND SALE OF THE SHARES

The Shares purchased on behalf of each Participating Employee shall be deposited directly into a brokerage account established by Cisco for the Participating Employee at a brokerage firm designated by Cisco. The account will be known as the ESPP Broker Account. In order to comply with local law (including, without limitation, local securities and foreign exchange laws), Cisco may require a Participating Employee to retain the Shares purchased on his or her behalf in the Participating Employee's ESPP Broker Account until the sale of such Shares.

No purchase rights granted under the ESPP shall be assignable or transferable by a Participating Employee other than by will or by the laws of descent and distribution. Further, during the Participating Employee's lifetime, the purchase rights shall be exercisable only by the Participating Employee.

IV. RIGHTS RELATED TO THE CISCO SHARES

4.1 Type and the Class of the Securities Being Offered, Including the Security Identification Code

As of July 28, 2018, Cisco was authorized to issue 20,000,000,000 Shares, and 5,000,000 shares of preferred stock, no par value. As of August 31, 2018, there were 4,571,334,136 Shares outstanding, and no shares of preferred stock were issued and outstanding. As of July 28, 2018, Cisco had total shareholders' equity of $43,204 million (consisting of common stock, additional paid-in capital, retained earnings and accumulated other comprehensive income).

The Shares are listed on the Nasdaq under the symbol "CSCO." The CUSIP number for the Shares is 17275R102. The Shares issued under the ESPP are tradable on the Nasdaq and provide the Participating Employee with the same rights as those attached to the Shares currently traded on the Nasdaq.

4.2 Legislation Under Which the Securities Have Been Created

The Cisco Shares were created under the Cal. Corp. Code. Except as otherwise expressly required under the laws of a country, the ESPP and all rights thereunder shall be governed by and construed in accordance with the laws of the State of California, United States of America.

4.3 Form of Securities, Name and Address of the Entity in Charge of Keeping the Records

In general, shareholders may hold Shares either in registered, uncertificated or street name form. The registered records are kept by Cisco's transfer agent, Computershare Investor Services.

Computershare Investor Services can be contacted through the web at http://www.computershare.com, by telephone at 1-800-254-5194 or for international callers +1-781-575-2879, or by mail at: Computershare Investor Services, PO Box 505000, Louisville, KY 40233 USA. For Courier Mail: Computershare, 462 South 4th Street, Suite 1600, Louisville, KY, U.S.A.

Currently, Cisco's designated ESPP brokers are Morgan Stanley Smith Barney LLC and Charles Schwab (each, an "ESPP Broker"). The Participating Employee selects one of the two ESPP Brokers to facilitate the Participating Employee's ESPP-related transactions. The address and telephone number of each of the ESPP Brokers is as follows:

Morgan Stanley Wealth Management | Global Stock Plan Services:

Address:	1 New York Plaza 38th floor New York, New York 10004 U.S.A.
Telephone Number:	1-801-617-7414

Charles Schwab:

Address:	9800 Schwab Way Attn : Stock Plan Services Lone Tree, CO 80124 U.S.A.
Telephone Number:	1-800-654-2593

Toll-free international phone numbers can be obtained by first dialing the Verizon International Direct Toll Free Service Calling Code for your particular country, which can be obtained at https://eac.schwab.com/eac/custsvc/internationalDialingInfo.do

Commission

Morgan Stanley Smith Barney charge a commission of $20 for sales of Shares purchased under the ESPP. Charles Schwab charges a commission of $4.95 for online trading; $9.95 for automated phone trading; $29.95 for Broker-assisted trade.

4.4 Currency of the Securities Issue

The United States Dollar is the currency of the securities issue. Participating Employees assume the risk of any currency fluctuations at the time of (i) their contribution to the ESPP by payroll deductions and (ii) the selling of their Shares.

4.5 Rights Attached to the Securities

No Participating Employee shall have any voting, dividend, or other shareholder rights with respect to any offering under the ESPP until the Shares have been purchased and delivered to the Participating Employee as provided in Section III above. Following such purchase and delivery, the Participating Employee shall be entitled to the rights attached to Shares, as further described below:

Dividend Rights. The Board, subject to restrictions contained in (a) the Cal. Corp. Code, and (b) Cisco's Restated Articles of Incorporation, may declare and pay dividends upon the Shares. Dividends may be paid in cash, in property or Shares.

Under the Cal. Corp. Code, subject to preferences that may apply to shares of Cisco preferred stock outstanding at the time, the holders of outstanding Shares are entitled to receive dividends, if the following conditions are met:

(a) There must be sufficient retained earnings to cover the distribution or the distribution will neither (i) reduce the ratio of assets (exclusive of certain intangibles) to liabilities below 1¼ to 1, nor (ii) reduce the current ratio below 1 to 1, or 1¼ to 1, if average earnings before taxes and interest for the last two fiscal year were less than average interest expense for those years. (See Cal. Corp. Code § 500).

(b) The distribution may not make Cisco or any majority owned subsidiary equitably insolvent. (See Cal. Corp. Code § 501).

(c) If preferred shares are outstanding, a distribution on junior shares must (i) leave sufficient retained earnings to cover arrearages in the preferred dividends and (ii) leave a sufficient excess of assets (exclusive of certain intangibles) over liabilities to cover the preferred liquidation preferences. (See Cal. Corp. Code §§ 502-503). However, these requirements can be effectively waived if the charter provisions governing the preferred shares provide that they will not apply in whole or in part with respect to distributions on the junior shares. (See Cal. Corp. Code § 402.5(c)).

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

Years Ended	Per Share	Amount
July 28, 2018	**$ 1.24**	**$ 5,968**
July 29, 2017	$ 1.10	$ 5,511
July 30, 2016	$ 0.94	$ 4,750

Any future dividends are subject to the approval of the Board.

Voting Rights. The annual meeting of the shareholders of Cisco shall be held each year on the second Thursday in November at 10:00 a.m. at the principal office of Cisco, or at such other time and place as may be determined by the Board. At the meeting, elections of directors and any other proper business may be transacted. (See Section 2.01 of the Amended and Restated Bylaws of Cisco (the "Bylaws")).

Business properly brought before a meeting must be (i) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board, (ii) otherwise properly brought before the meeting by the presiding officer or by or at the direction of a majority of the Board, or (iii) otherwise properly requested to be brought before the meeting by a shareholder of Cisco in accordance with (ii) above. For business to be properly requested by a shareholder to be brought before an annual meeting, the shareholder must (i) be a shareholder of record at the time of the giving of the notice of such annual meeting by or at the direction of the Board, (ii) be entitled to vote at such meeting, and (iii) comply with the notice procedures set forth in the Bylaws. (See Section 2.11 of the Bylaws of Cisco).

Nominations of persons for election to the Board of Cisco may be made at an annual meeting of shareholders only (i) by or at the direction of the Board or (ii) by any shareholder who is a shareholder of record at the time of the giving of the notice of such annual meeting by or at the direction of the Board, and who is entitled to vote for the election of directors at such meeting and complies with the notice procedures set forth in the Bylaws. (See Section 2.11 of the Bylaws of Cisco).

Cisco's Bylaws and Corporate Governance Policies were amended effective March 22, 2007, to change the voting standards for uncontested elections of directors and to make certain related changes and certain classifications. The standard for uncontested elections of directors was changed to a majority voting standard so that a nominee for director will be elected to the Board if the votes cast for the nominee constitute at least a majority of the shares represented and voting at a meeting (which shares voting for also constitute at least a majority of the required quorum). The required quorum for a meeting of Cisco shareholders is a majority of the outstanding Shares. The term of an incumbent director who, in an uncontested election, fails to receive the vote required to be elected in accordance with the Bylaws shall end on the date that is the earlier of 90 days after the date on which the voting results are determined pursuant to California law or the date on which the Board selects a person to fill the office held by that director, unless the incumbent director has earlier resigned. The majority voting standard does not apply, however, if the number of nominees for director exceeds the number of directors to be elected. In that case, the nominees receiving the highest number of affirmative votes of the shares entitled to vote at the meeting (up to the number of directors to be elected) will be elected. (See Sections 2.13, 3.02 and 3.13 of the Bylaws of Cisco).

On July 28, 2016, the Board adopted amendments to Bylaws to implement proxy access. As amended, the Bylaws include a new Section 2.14 permitting a shareholder, or a group of up to 20 shareholders, owning continuously for at least three years a number of Cisco shares that constitutes at least 3% of Cisco's outstanding shares, to nominate and include in Cisco's proxy materials director nominees constituting up to the greater of two individuals or 20% of the Board, provided that the shareholder(s) and the nominee(s) satisfy the requirements specified in the Bylaws.

A special meeting of the shareholders may be called at any time by (i) the chairman of Board, (ii) the Chief Executive Officer ("CEO"), (iii) the president, (iv) the Board, or (v) by one or more shareholders holding not less than 10% of the voting power of Cisco on the record date as established in accordance with the Bylaws. (See Section 2.02 of the Bylaws of Cisco).

The holder of each Share shall have the right to one vote, and shall be entitled to vote upon such matters and in such manner as provided by law. (See Article IV, Section(C)(4) of the Restated Articles of Incorporation). The holders of shares of Series A Preferred Stock are subject to the following voting rights:

(a) Each share of Series A Preferred Stock shall entitle the holder thereof to ten thousand (10,000) votes on all matters submitted to a vote of the shareholders of Cisco. In the event Cisco shall at any time declare or pay a dividend on the common stock payable in Shares, or effect a subdivision, combination or consolidation of the outstanding Shares into a greater or lesser number of Shares, then in each such case the number of votes per share to which holders of shares of Series A Preferred Stock were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction, the numerator of which is the number of Shares outstanding immediately after such event and the denominator of which is the number of Shares that were outstanding immediately prior to such event.

(b) Except as otherwise provided by Cisco's Restated Articles of Incorporation, any other Certificate of Determination creating a series of Preferred Stock or any similar stock, or by law, the holders of shares of Series A Preferred Stock and the holders of Shares and any other capital stock of Cisco having general voting rights shall vote together as one class on all matters submitted to a vote of shareholders of Cisco.

(c) Except as otherwise provided by Cisco's Restated Articles of Incorporation or by law, holders of Series A Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Common Stock as set forth herein) for taking any corporate action.

(See Article IV, Section (D)(2) of the Restated Articles of Incorporation.)

The presence in person or by proxy of the persons entitled to vote a majority of the shares entitled to vote at any meeting constitutes a quorum for the transaction of business. (See Section 2.06 of the Bylaws of Cisco.)

Shareholders shall not be entitled to cumulate their votes at any election of directors of Cisco. (See Article VI of the Restated Articles of Incorporation.)

Under California law, the articles of incorporation of a corporation may be amended to contain any provisions that might lawfully be included in the original articles. (See Cal. Corp. Code § 900.) Subsequent to the issuance of shares, the articles of incorporation may be amended if approved by the shareholders and the directors. (See Cal. Corp. Code § 902.)

Amendments that alter the authorized shares of a stock class other than by stock split, exchange or create a right of exchange of another class into shares of such class; change the characteristics of the shares of that class; create or increase a class senior to it, divide or authorize the board to divide that class (if it is preferred) into series, or cancel or otherwise affect accrued or unpaid dividends on the shares of that class, must be approved by all affected classes, whether or not they otherwise would be entitled to voting rights. (See Cal. Corp. Code § 903.)

The board of directors of a California corporation may amend the articles of incorporation without shareholder action in the following limited circumstances:

(a) The authorized number of shares can be increased, as needed with regard to the exercises of options or the conversion of convertible securities if those options or convertibles had been approved by shareholder action (see Cal. Corp. Code § 405(b));

(b) Authorized capitalization can be reduced to reflect the effects of share reacquisitions by a corporation where its articles prohibit reissuing reacquired shares or prohibit reissuing them as shares of the same series (see Cal. Corp. Code § 510(f));

(c) The name of a corporation can be changed in connection with a short-form merger in which the corporation merges a 90 percent owned subsidiary into itself (see Cal. Corp. Code § 1110(d)).

Amendments to the articles of incorporation are effected by filing an officers' certificate with the Secretary of State. (See Cal. Corp. Code § 905).

Right to Receive Liquidation Distributions. Upon a liquidation, dissolution or winding up of the company, the assets legally available for distribution to shareholders are distributable ratably among the holders of the Shares outstanding at that time after the payment of liquidation preferences on any outstanding Series A Preferred Stock. (See Article IV, Section (D)(5) of the Restated Articles of Incorporation).

No Preemptive, Redemptive or Conversion Provisions. The Shares are not entitled to preemptive rights and are not subject to conversion or redemption.

4.6 Transferability

The Shares in this offering under the ESPP are registered on a registration statement on Form S-8 with the SEC and are generally freely transferable after issuance.

The ESPP is intended to provide Shares for investment and not for resale. Cisco does not, however, intend to restrict or influence any Participating Employee in the conduct of his or her own affairs. A Participating Employee, therefore, may sell Shares purchased under the ESPP at any time he or she chooses, subject to compliance with any applicable securities laws. THE PARTICIPATING EMPLOYEE ASSUMES THE RISK OF ANY MARKET FLUCTUATIONS IN THE PRICE OF THE SHARES.

4.7 General Provisions Applying to Business Combinations

Pursuant to California case law, a shareholder that controls the corporation and the management of its business, by virtue of majority stock ownership or otherwise, will be held liable to the other shareholders if such controlling shareholder uses the corporation or its assets for its own benefit or without regard to the interests of the corporation or the minority shareholders.

California law authorizes the board of directors of a California corporation that owns 90% or more of the outstanding shares of stock of a subsidiary to effect a short-form merger whereby the subsidiary is merged into the parent or the parent is merged into the subsidiary. A short-form merger can be effected by a resolution of the Board of the parent corporation, without the vote of the shareholders of either corporation, followed by the filing of a certificate of ownership with the Secretary of State. (See Cal. Corp. Code § 1110.) However, if pursuant to a downstream short-form merger the holders of any class of the parent corporation's shares are to receive anything other than equivalent shares of the subsidiary, the vote of that class of shareholders would be required. (See Cal. Corp. Code §1110(c)).

V. STATEMENT OF CAPITALIZATION AND INDEBTEDNESS AS OF JULY 28, 2018

5.1 Capitalization and Indebtedness (in millions of US$)

Total Current debt	$	5,238
- Guaranteed		-
- Secured		-
- Unguaranteed / Unsecured	$	5,238
Total noncurrent debt (excluding current portion of long-term debt)	$	20,331
- Guaranteed		-
- Secured		-
- Unguaranteed / Unsecured	$	20,331
Cisco shareholders' equity		
a. Share capital and additional paid-in capital	$	42,820
b. Legal Reserve		–
c. Other	$	384
- Retained earnings	$	1,233
- Accumulated other comprehensive loss	$	(849)
Total shareholders' equity	$	43,204

5.2 Net Indebtedness (Liquidity) (in millions of US$)

A + B.	Cash and cash equivalents	$	8,934
C.	Investments	$	37,614
D.	**Liquidity** (A) + (B) + (C)	**$**	**46,548**
E.	**Current Financial Receivables**[1]	**$**	**4,949**
F.	Current Bank debt		-
G.	Current portion of non-current debt	$	5,238
H.	Other current financial debt		
I.	**Current Financial Debt** (F) + (G) + (H)	**$**	**5,238**
J.	**Net Current Financial Indebtedness (Liquidity)** (I) – (E) – (D)	**$**	**(46,259)**
K.	Non-current Bank loans		-
L.	Bonds Issued	$	20,331
M.	Other non-current loans		-
N.	**Non-current Financial Indebtedness** (K) + (L) + (M)	**$**	**20,331**
O.	**Net Financial Indebtedness (Liquidity)** (J) + (N)	**$**	**(25,928)**

[1] Consisting of leases, loans and financed service contracts. For further information, see "Financing Receivables" on pages 54 and 83 of Cisco's Form 10-K.

As of July 28, 2018, for available-for-sale investments that were in unrealized loss positions, we have determined that no additional other-than-temporary impairments were required to be recognized.

As of the end of fiscal 2018, we have senior unsecured notes outstanding in an aggregate principal amount of $25.8 billion that mature at specific dates from calendar year 2019 through 2040. For further information, see "Long-Term Debt" on pages 92 - 93 of Cisco's Form 10-K.

5.3 Indirect and Contingent Indebtedness

(a) Operating Leases

We lease office space in many U.S. locations. Outside the United States, larger leased sites include sites in Belgium, Canada, China, Germany, India, Israel, Japan, Mexico, Poland, and the United Kingdom. We also lease equipment and vehicles. Future minimum lease payments under all noncancelable operating leases with an initial term in excess of one year as of July 28, 2018 are as follows (in millions):

Fiscal Year	Amount
2019	$ 392
2020	293
2021	190
2022	138
2023	96
Thereafter	111
Total	$ 1,220

Rent expense for office space and equipment totaled $442 million, $403 million, and $385 million in fiscal 2018, 2017, and 2016, respectively.

(b) Purchase Commitments with Contract Manufacturers and Suppliers

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

The following table summarizes our purchase commitments with contract manufacturers and suppliers (in millions):

Commitments by Period	**July 28, 2018**	July 29, 2017
Less than 1 year	**$ 5,407**	$ 4,620
1 to 3 years	**710**	20
3 to 5 years	**360**	—
Total	**$ 6,477**	$ 4,640

We record a liability for firm, noncancelable, and unconditional purchase commitments for quantities in excess of our future demand forecasts consistent with the valuation of our excess and obsolete inventory. As of July 28, 2018 and July 29, 2017, the liability for these purchase commitments was $159 million and $162 million, respectively, and was included in other current liabilities.

(c) Other Commitments

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

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

	July 28, 2018	July 29, 2017	July 30, 2016
Compensation expense related to acquisitions	**$ 203**	$ 212	$ 282

As of July 28, 2018, we estimated that future cash compensation expense of up to $352 million may be required to be recognized pursuant to the applicable business combination agreements.

In fiscal 2012, we made an investment in Insieme, an early stage company focused on R&D in the data center market. This investment included $100 million of funding and a license to certain of our technology. During fiscal 2014, we acquired the remaining interests in Insieme, at which time the former noncontrolling interest holders became eligible to receive up to two milestone payments, which were determined using agreed-upon formulas based primarily on revenue for certain of Insieme's products. The former noncontrolling interest holders earned the maximum amount related to these two milestone payments and were paid approximately $441 million during fiscal 2017. We recorded compensation expense of $47 million and $160 million during fiscal 2017 and fiscal 2016, respectively, related to these milestone payments.

We also have certain funding commitments, primarily related to our investments in privately held companies and venture funds, some of which are based on the achievement of certain agreed-upon milestones, and some of which are required to be funded on demand. The funding commitments were $223 million and $216 million as of July 28, 2018 and July 29, 2017, respectively.

(d) Product Warranties

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

	July 28, 2018	July 29, 2017	July 30, 2016
Balance at beginning of fiscal year	**$ 407**	$ 414	$ 449
Provisions for warranties issued	**582**	691	715
Adjustments for pre-existing warranties	**(38)**	(21)	(8)
Settlements	**(592)**	(677)	(714)
Divestiture	**—**	—	(28)
Balance at end of fiscal year	**$ 359**	$ 407	$ 414

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

(e) Financing and Other Guarantees

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

Channel Partner Financing Guarantees We facilitate arrangements for third-party financing extended to channel partners, consisting of revolving short-term financing, generally with payment terms ranging from 60 to 90 days. These financing arrangements facilitate the working capital requirements of the channel partners, and, in some cases, we guarantee a portion of these arrangements. The volume of channel partner financing was $28.2 billion, $27.0 billion, and $26.9 billion in fiscal 2018, 2017, and 2016, respectively. The balance of the channel partner financing subject to guarantees was $953 million and $1.0 billion as of July 28, 2018 and July 29, 2017, respectively.

End-User Financing Guarantees We also provide financing guarantees for third-party financing arrangements extended to end-user customers related to leases and loans, which typically have terms of up to three years. The volume of financing provided by third parties for leases and loans as to which we had provided guarantees was $35 million, $51 million, and $63 million in fiscal 2018, 2017, and 2016, respectively.

Financing Guarantee Summary The aggregate amounts of financing guarantees outstanding at July 28, 2018 and July 29, 2017, representing the total maximum potential future payments under financing arrangements with third parties along with the related deferred revenue, are summarized in the following table (in millions):

	July 28, 2018	July 29, 2017
Maximum potential future payments relating to financing guarantees:		
Channel partner	**$ 277**	$ 240
End user	**31**	74
Total	**$ 308**	$ 314
Deferred revenue associated with financing guarantees:		
Channel partner	**$ (94)**	$ (82)
End user	**(28)**	(52)
Total	**$ (122)**	$ (134)
Maximum potential future payments relating to financing guarantees, net of associated deferred revenue	**$ 186**	$ 180

Other Guarantees Our other guarantee arrangements as of July 28, 2018 and July 29, 2017 that were subject to recognition and disclosure requirements were not material.

(f) Supplier Component Remediation Liability

In fiscal 2014, we recorded a charge to product cost of sales of $655 million resulting from failures related to products containing memory components manufactured by a single supplier between 2005 and 2010. We perform regular assessments of the sufficiency of this liability and reduced the amount by $164 million and $74 million in fiscal 2015 and fiscal 2016, respectively, based on updated analyses. We further reduced the liability by $141 million and $58 million in fiscal 2017 and fiscal 2018, respectively, to reflect lower than expected defects, actual usage history, and estimated lower future remediation costs as more of the impacted products age and near the end of the support period covered by the remediation program.

During the second quarter of fiscal 2017, we recorded a charge to product cost of sales of $125 million related to the expected remediation costs for anticipated failures in future periods of a widely-used component sourced from a third party which is included in several of our products.

The liabilities related to the supplier component remediation matters were $44 million and $174 million as of July 28, 2018 and July 29, 2017, respectively.

(g) Indemnifications

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

We have been asked to indemnify certain of our service provider customers that have been subject to patent infringement claims asserted by Sprint Communications Company, L.P. ("Sprint") in federal court in Kansas and Delaware. Sprint alleges that the service provider customers infringed Sprint's patents by offering Voice over Internet Protocol telephone services utilizing products provided by us generally in combination with those of other manufacturers. Sprint seeks monetary damages. Following a trial on March 3, 2017 against Time Warner Inc., a jury in Kansas found that Time Warner Cable willfully infringed five Sprint patents and awarded Sprint $139.8 million in damages. On March 14, 2017, the Kansas court declined Sprint's request for enhanced damages and entered judgment in favor of Sprint for $139.8 million plus 1.06% in post-judgment interest. On May 30, 2017, the Court awarded Sprint $20.3 million in pre-judgment interest and denied Time Warner Cable's post-trial motions. Time Warner Cable has appealed. On October 16, 2017, Sprint and Comcast Cable Communications, LLC reached resolution of the claims in Sprint's lawsuit against Comcast and, on October 19, 2017, the Kansas court dismissed Sprint's lawsuit. On December 6, 2017, Sprint and Cox Communications, Inc. reached resolution of the claims in Sprint's lawsuit against Cox, and the Delaware court dismissed Sprint's lawsuit against Cox on December 7, 2017.

We believe that Time Warner Cable continues to have strong non-infringement and invalidity defenses and arguments and/or that Sprint's damages claims are inconsistent with prevailing law at trial and/or on appeal. Due to the uncertainty surrounding the litigation process, we are unable to reasonably estimate the ultimate outcome of the Time Warner Cable litigation at this time. Should Sprint prevail in litigation, mediation, or settlement, we, in accordance with our agreements, may have an obligation to indemnify Time Warner Cable for damages, mediation awards, or settlement amounts arising from its use of our products.

On January 15, 2016, Huawei Technologies Co. Ltd. ("Huawei") filed four patent infringement actions against T-Mobile US, Inc. and T-Mobile USA, Inc. (collectively, "T-Mobile") in federal court in the Eastern District of Texas. Huawei alleged that T-Mobile's use of 3GPP standards to implement its 3G and 4G cellular networks infringed 12 patents. Huawei's infringement allegations for some of the patents were based on T-Mobile's use of products provided by us in combination with those of other manufacturers. T-Mobile requested indemnity by Cisco with respect to portions of the network that use our equipment. On December 22, 2017, the Eastern District of Texas court dismissed Huawei's four lawsuits after the parties reached settlement, and T-Mobile's indemnity request was subsequently resolved.

During fiscal 2018, we recorded legal and indemnification settlement charges of $127 million to product cost of sales in relation to these matters. At this time, we do not anticipate that our obligations regarding the final outcome of the above matters would be material.

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

It is not possible to determine the maximum potential amount under these indemnification agreements due to our limited history with prior indemnification claims and the unique facts and circumstances involved in each particular agreement. Historically, payments made by us under these agreements have not had a material effect on our operating results, financial position, or cash flows.

(h) Legal Proceedings

Brazil Brazilian authorities have investigated our Brazilian subsidiary and certain of our former employees, as well as a Brazilian importer of our products, and its affiliates and employees, relating to alleged evasion of import taxes and alleged improper transactions involving the subsidiary and the importer. Brazilian tax authorities have assessed claims against our Brazilian subsidiary based on a theory of joint liability with the Brazilian importer for import taxes, interest, and penalties. In addition to claims asserted by the Brazilian federal tax authorities in prior fiscal years, tax authorities from the Brazilian state of Sao Paulo have asserted similar claims on the same legal basis in prior fiscal years.

The asserted claims by Brazilian federal tax authorities that remain are for calendar years 2003 through 2007, and the asserted claims by the tax authorities from the state of Sao Paulo are for calendar years 2005 through 2007. The total asserted claims by Brazilian state and federal tax authorities aggregate to $218 million for the alleged evasion of import and other taxes, $1.4 billion for interest, and $1.0 billion for various penalties, all determined using an exchange rate as of July 28, 2018. We have completed a thorough review of the matters and believe the asserted claims against our Brazilian subsidiary are without merit, and we are defending the claims vigorously. While we believe there is no legal basis for the alleged liability, due to the complexities and uncertainty surrounding the judicial process in Brazil and the nature of the claims asserting joint liability with the importer, we are unable to determine the likelihood of an unfavorable outcome against our Brazilian subsidiary and are unable to reasonably estimate a range of loss, if any. We do not expect a final judicial determination for several years.

SRI International On September 4, 2013, SRI International, Inc. (“SRI”) asserted patent infringement claims against us in the U.S. District Court for the District of Delaware, accusing our products and services in the area of network intrusion detection of infringing two U.S. patents. SRI sought monetary damages of at least a reasonable royalty and enhanced damages. The trial on these claims began on May 2, 2016 and, on May 12, 2016, the jury returned a verdict finding willful infringement of the asserted patents. The jury awarded SRI damages of $23.7 million. On May 25, 2017, the Court awarded SRI enhanced damages and attorneys’ fees, entered judgment in the new amount of $57.0 million, and ordered an ongoing royalty of 3.5% through the expiration of the patents in 2018. We have appealed to the United States Court of Appeals for the Federal Circuit on various grounds. We believe we have strong arguments to overturn the jury verdict and/or reduce the damages award. While the ultimate outcome of the case may still result in a loss, we do not expect it to be material.

SSL SSL Services, LLC (“SSL”) has asserted claims for patent infringement against us in the U.S. District Court for the Eastern District of Texas. The proceeding was instituted on March 25, 2015. SSL alleges that our AnyConnect products that include Virtual Private Networking functions infringed a U.S. patent owned by SSL. SSL seeks money damages from us. On August 18, 2015, we petitioned the Patent Trial and Appeal Board (“PTAB”) of the United States Patent and Trademark Office to review whether the patent SSL has asserted against us is valid over prior art. On February 23, 2016, a PTAB multi-judge panel found a reasonable likelihood that we would prevail in showing that SSL’s patent claims are unpatentable and instituted proceedings. On June 28, 2016, in light of the PTAB's decision to review the patent's validity, the district court issued an order staying the district court case pending the final written decision from the PTAB. On February 22, 2017, following a hearing, the PTAB issued its Final Written Decision that the patent's claims are unpatentable. SSL appealed this decision to the Court of Appeals for the Federal Circuit and, on May 7, 2018, the Federal Circuit summarily affirmed the PTAB's decision of unpatentability.

Straight Path On September 24, 2014, Straight Path IP Group, Inc. (“Straight Path”) asserted patent infringement claims against us in the U.S. District Court for the Northern District of California, accusing our 9971 IP Phone, Unified Communications Manager working in conjunction with 9971 IP Phones, and Video Communication Server products of infringement. All of the asserted patents have expired and Straight Path was therefore limited to seeking monetary damages for the alleged past infringement. On November 13, 2017, the Court granted our motion for summary judgment of non-infringement, thereby dismissing Straight Path's claims against us and cancelling a trial which had been set for March 12, 2018. On January 16, 2018, Straight Path appealed to the U.S. Court of Appeal for the Federal Circuit.

DXC Technology On August 21, 2015, Cisco and Cisco Systems Capital Corporation ("Cisco Capital") filed an action in Santa Clara County Superior Court for declaratory judgment and breach of contract against HP Inc. ("HP") regarding a services agreement for management services of a third party's network. HP had prepaid the service agreement through a financing arrangement with Cisco Capital, and had terminated its agreement with us. Pursuant to the terms of the service agreement with HP, we determined the credit HP was entitled to receive under the agreement for certain prepaid amounts. HP disputed our credit calculation and contended that we owe a larger credit to HP than we had calculated. In December 2015, we filed an amended complaint which dropped the breach of contract claim in light of HP's continuing payments to Cisco Capital under the financing arrangement. On January 19, 2016, HP Inc. filed a counterclaim for breach of contract simultaneously with its answer to the amended complaint. DXC Technology Corporation ("DXC") reported that it is the party in interest in this matter pursuant to the Separation and Distribution Agreement between the then Hewlett-Packard Co. and Hewlett Packard Enterprise Company ("HPE") and the subsequent Separation and Distribution Agreement between HPE and DXC. On January 8, 2018, the court continued the trial date from March 12, 2018 to June 11, 2018. The parties entered into a settlement agreement effective June 30, 2018, resolving all of the claims and cross-claims in the case, and on August 1, 2018, the Court dismissed all claims and cross-claims with prejudice. The settlement did not have a material impact on our results of operations.

Arista Networks, Inc. On February 24, 2016, Arista Networks, Inc. ("Arista") filed a complaint against us in the U.S. District Court for the Northern District of California, asserting monopolization claims in violation of Section 2 of the Sherman Act and an unfair competition claim under California Bus. and Prof. Code § 17200. On October 31, 2017, Arista filed an amended complaint for Sherman Act monopolization and § 17200 claims, alleging an anticompetitive scheme comprising our copyright infringement action against Arista (which was based on Arista's copying of our copyright-protected user interfaces) and communications related to that litigation. Arista sought injunctive relief, lost profits, enhanced damages, and restitution. A jury trial was scheduled for August 6, 2018. On August 6, 2018, Cisco and Arista entered into a binding term sheet resolving, except as described below, all of the outstanding litigation between the companies. The terms are as follows: (i) Arista shall pay $400 million to Cisco; (ii) Cisco will not assert against Arista patents that were included in the litigation as long as Arista continues to implement workarounds it had put in place to certain of those patents; (iii) for three years (subject to earlier termination in some circumstances), any claim against the other party regarding patent infringement for its new products, or new features of existing products, will be resolved by an arbitration process; the process will not apply to claims of copyright infringement, trade secret misappropriation or certain other claims; (iv) for five years, neither party will bring an action against the other for patent or copyright (except for any claims of source code misappropriation) infringement regarding their respective products on the market before August 6, 2018; and (v) certain limited changes shall be implemented by Arista to its user interfaces for operation of its products, and the parties will continue to undertake the appeal of the ruling in U.S. District Court for the Northern District of California regarding copyright infringement, with further limited changes if the case is remanded or reversed. The parties also agreed that for five years neither party would bring an action against the other's contract manufacturers, partners or customers for patent or copyright (excluding claims of source code misappropriation) infringement regarding the other party's products on the market before August 6, 2018. We received payment from Arista of $400 million on August 20, 2018, which will be reflected in Cisco's first quarter fiscal 2019 results.

Oyster Optics On November 24, 2016, Oyster Optics, LLC ("Oyster") asserted patent infringement claims against us in the U.S. District Court for the Eastern District of Texas. Oyster alleges that certain Cisco ONS 15454 and NCS 2000 line cards infringe U.S. Patent No. 7,620,327 ("the '327 Patent"). Oyster seeks monetary damages. Oyster filed infringement claims based on the ‘327 Patent against other defendants, including ZTE, Nokia, NEC, Infinera, Huawei, Ciena, Alcatel-Lucent, and Fujitsu, and the court consolidated the cases alleging infringement of the ‘327 Patent. During the course of the case, defendants ZTE, Nokia, NEC, Fujitsu, Infinera and Huawei reached settlements with Oyster. On August 9, 2018, the court reset the trial for November 5, 2018. While we believe that we have strong non-infringement arguments and that the patent is invalid, if we do not prevail in the District Court, we believe damages ultimately assessed would not be material. Due to uncertainty surrounding patent litigation processes, we are unable to reasonably estimate the ultimate outcome of this litigation at this time. However, we do not anticipate that any final outcome of the dispute would be material.

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

For additional information regarding intellectual property litigation, see “Part II, Section A. Risk Factors-We may be found to infringe on intellectual property rights of others” of this prospectus.

VI. MAXIMUM DILUTION AND NET PROCEEDS

6.1 Maximum Dilution

The Shares under the ESPP are offered pursuant to this prospectus to 10,241 eligible employees[3] in the Prospectus Directive Countries. As indicated in Section 1.2 above, the maximum rate at which employees may purchase Shares may not exceed $25,000 of the fair market value of Shares (as determined on the date the stock purchase rights are granted to the Participating Employee, *i.e*., the beginning of the offering period) per calendar year in which the right is outstanding. (However, as noted above, there are other limitations on Share purchases such as no more than 10% of eligible compensation may be contributed to ESPP purchases which may result in employees not being able to purchase $25,000 worth of Shares in a calendar year.) Cisco offers its ESPP through a rolling twenty-four (24) month long offering period comprised of four (4) six- (6) month long Purchase Periods.

Assuming that other ESPP limitations are not exceeded and that Participating Employees purchase an equal number of Shares on June 28, 2019, and December 31, 2019 (*i.e*., the last U.S. business days in the January – June 2019 and July – December 2019 Purchase Periods), Participating Employees would be able to purchase a maximum of 526 whole Shares each for a maximum of $21,234.62 in contributions per person. These amounts are figured assuming a hypothetical Share price of $47.49 (the closing price of the Shares on the Nasdaq on October 9, 2018) on each of the dates at which the purchase price of the Shares will be calculated (*i.e*., January 1 and June 28, 2019, for the January – June 2019 Purchase Period and July 1 and December 31, 2019, for the July – December 2019 Purchase Period) and a hypothetical Purchase Price of $40.37 (85% of $47.49), and assuming that the reset provision set forth in Section 1.3 above is not triggered because the closing price on July 1, 2019, is the same as on June 28, 2019.

[3] As of September 28, 2018, there were 124 eligible employees in Austria, 625 eligible employees in Belgium, 269 eligible employees in the Czech Republic, 133 eligible employees in Denmark, 815 eligible employees in France, 1,202 eligible employees in Germany, 263 eligible employees in Ireland, 514 eligible employees in Italy, 571 eligible employees in the Netherlands, 489 eligible employees in Norway, 1,216 eligible employees in Poland, 258 eligible employees in Portugal, 371 eligible employees in Spain, 270 eligible employees in Sweden and 3,078 eligible employees in the United Kingdom. Note that the number of eligible employees in Austria and Denmark is subject to fluctuations and may, as a consequence of new hires during the regular course of business, cross the 150 threshold set forth in Article 3(2)(b) of the Prospectus Directive, during the validity of this prospectus. As a result, the offering of the ESPP in Austria and Denmark would be considered a public offering of securities pursuant to the Prospectus Directive. The calculation related to the net proceeds and the maximum dilution items set forth in this prospectus are based on the expected number of eligible employees in Austria and Denmark (i.e., 150 eligible employees).

Assuming that each eligible employee elects to participate in the ESPP and will be able to purchase a maximum of 526 Shares in 2019, the maximum number of Shares offered in calendar year 2018 pursuant to this prospectus amounts to 5,386,766 Shares.

Based on the above assumptions, and assuming that the Shares offered would all be newly issued, the holdings of a shareholder of Cisco currently holding 1% of the total outstanding share capital of Cisco as of August 31, 2018, *i.e.*, 45,713,341 Shares, and who is not an eligible employee participating in the offer, would be diluted as indicated in the following table:

	Percentage of the total outstanding Shares	Total number of outstanding Shares
Before the issuance of Shares under the ESPP (as of August 31, 2018)	1.00%	4,571,334,136
After issuance of 5,386,766 Shares under the ESPP	0.998%	4,576,720,902

6.2 Net Proceeds

Assuming that each of the 10,241 eligible employees in the Prospectus Directive Countries would purchase the maximum amount of Shares under the ESPP offered pursuant to this prospectus, that is, a total of 526 Shares each, for a maximum of $21,234.62 in contributions per person, at $40.37 (85% of a hypothetical Share price of $47.49 which was the closing price of the Shares on October 9, 2018), and assuming that the Shares offered under the ESPP would all be newly issued, then the gross proceeds of Cisco in connection with the offer under the ESPP pursuant to this prospectus would be $217,463,743.42. After deducting approximately $170,000 in legal and accounting expenses in connection with the offer, the net proceeds would be approximately $217,293,743.42. The net proceeds will be used for general corporate purposes.

VII. DIRECTORS AND EXECUTIVE OFFICERS

7.1 Board of Directors and age as of October 17, 2018

Name	Age	Positions and Offices Held with Cisco
Carol A. Bartz	70	Lead Independent Director
M. Michele Burns	60	Director
Michael D. Capellas	64	Director
Mark Garrett	60	Director
Dr. John L. Hennessy	66	Director
Dr. Kristina M. Johnson	61	Director
Roderick C. McGeary	68	Director
Charles H. Robbins	52	Chairman and Chief Executive Officer
Arun Sarin	63	Director
Brenton L. Saunders	48	Director
Steven M. West	63	Director

Ms. Bartz has been a member of the Board since November 1996. Since November 2005, she has served as Lead Independent Director. Ms. Bartz served as CEO and as a member of the board of directors of Yahoo! Inc. from January 2009 to September 2011 and as President of Yahoo! from April 2009 to September 2011. From May 2006 to February 2009, she was Executive Chairman of the Board of Autodesk, Inc. From April 1992 to April 2006, she served as Chairman of the Board and CEO of Autodesk. Prior to that, Ms. Bartz was employed by Sun Microsystems, Inc. from 1983 to April 1992. Ms. Bartz also has previously served on the boards of AirTouch Communications, Inc., BEA Systems, Inc., Cadence Design Systems, Inc., Intel Corporation, the New York Stock Exchange and Network Appliance, Inc.

Ms. Bartz brings to the Board leadership experience, including service as the chief executive of two public technology companies. These roles have required technology industry expertise combined with marketing, operational and global management expertise. Ms. Bartz also has experience as a public company outside director.

Ms. Bartz was not eligible to be renominated for election under Cisco's age limit policy. The policy provides that no individual will be eligible to be nominated or renominated for election to the Board after his or her 70th birthday. Ms. Bartz intends to serve on the Board through the date of the annual meeting to be held on December 12, 2018.

Ms. Burns has been a member of the Board since November 2003. She has served as the Center Fellow and Strategic Advisor to the Stanford Center on Longevity at Stanford University since August 2012. She served as the CEO of the Retirement Policy Center sponsored by Marsh & McLennan Companies, Inc. from October 2011 to February 2014. From September 2006 to October 2011, Ms. Burns served as Chairman and CEO of Mercer LLC, a global leader for human resources and related financial advice and services. She assumed that role after joining Marsh & McLennan Companies, Inc. in March 2006 as Chief Financial Officer ("CFO"). From May 2004 to January 2006, Ms. Burns served as CFO and Chief Restructuring Officer of Mirant Corporation, where she successfully helped Mirant restructure and emerge from bankruptcy. In 1999, Ms. Burns joined Delta Air Lines, Inc. assuming the role of CFO in 2000 and holding that position through April 2004. She began her career in 1981 at Arthur Andersen LLP and became a partner in 1991. Ms. Burns also currently serves on the boards of directors of Anheuser-Busch InBev SA/NV, Etsy, Inc. and The Goldman Sachs Group, Inc. She previously served as a director of Wal-Mart Stores, Inc., ending in 2013 and Alexion Pharmaceuticals, Inc., ending in 2018.

Ms. Burns provides to the Board expertise in corporate finance, accounting and strategy, including experience gained as the CFO of three public companies. Through her experience gained as CEO of Mercer, she brings expertise in global and operational management, including a background in organizational leadership and human resources. Ms. Burns also has experience serving as a public company outside director.

Mr. Capellas has been a member of the Board since January 2006. He has served as founder and CEO of Capellas Strategic Partners since November 2012. He served as Chairman of the Board of VCE Company, LLC ("VCE") from January 2011 until November 2012 and as CEO of VCE from May 2010 to September 2011. Mr. Capellas was the Chairman and CEO of First Data Corporation from September 2007 to March 2010. From November 2002 to January 2006, he served as CEO of MCI, Inc. ("MCI"), previously WorldCom. From November 2002 to March 2004, he was also Chairman of the Board of WorldCom, and he continued to serve as a member of the board of directors of MCI until January 2006. Mr. Capellas left MCI as planned in early January 2006 upon its acquisition by Verizon Communications Inc. Previously, Mr. Capellas was President of Hewlett-Packard Company from May 2002 to November 2002. Before the merger of Hewlett-Packard and Compaq Computer Corporation in May 2002, Mr. Capellas was President and CEO of Compaq, a position he had held since July 1999, and Chairman of the Board of Compaq, a position he had held since September 2000. Mr. Capellas held earlier positions as Chief Information Officer and Chief Operating Officer of Compaq. Mr. Capellas also currently serves as the chairman of the board of directors of Flex Ltd. ("Flex"). He previously served as a director of MuleSoft, Inc. ("MuleSoft"), ending in 2018.

Mr. Capellas brings to the Board experience in executive roles and a background of leading global organizations in the technology industry. Through this experience, he has developed expertise in several valued areas including strategic product development, business development, sales, marketing, and finance.

Mr. Garrett has been a member of the Board since April 2018. Mr. Garrett served as Executive Vice President and CFO of Adobe Systems Incorporated from February 2007 to April 2018. From January 2004 to February 2007, Mr. Garrett served as Senior Vice President and CFO of the Software Group of EMC Corporation. From August 2002 to January 2004 and from 1997 to 1999, Mr. Garrett served as Executive Vice President and CFO of Documentum, Inc., including throughout its acquisition by EMC in December 2003. Mr. Garrett also currently serves on the board of directors of GoDaddy Inc. and Pure Storage, Inc. He previously served as a director of Informatica Corporation, ending in 2015 and Model N, Inc., ending in 2016.

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

Dr. Hennessy has been a member of the Board since January 2002. He served as President of Stanford University from September 2000 until August 2016. He currently serves as the inaugural Shriram Family Director of the Knight-Hennessy Scholars program at Stanford University. He served as Provost of Stanford from June 1999 to August 2000, Dean of the Stanford University School of Engineering from June 1996 to June 1999, and Chair of the Stanford University Department of Computer Science from September 1994 to March 1996. Dr. Hennessy also currently serves as the lead independent director on the board of directors of Alphabet Inc.

Dr. Hennessy brings to the Board an engineering background as well as skill in the development of information technology businesses. In addition, he has leadership and management experience, both in an academic context at Stanford University and in a corporate context as a board member of public and private technology companies.

On October 15, 2018, Dr. Hennessy notified Cisco of his decision not to stand for re-election at the 2018 Annual Meeting of Shareholders. Dr. Hennessy will continue to serve as a director until Cisco's 2018 Annual Meeting of Shareholders to be held on December 12, 2018.

Dr. Johnson has been a member of the Board since August 2012. Dr. Johnson has served as the chancellor of the State University of New York since September 2017. From January 2015 to September 2017, Dr. Johnson served as the CEO of Cube Hydro Partners, LLC, a clean energy company, and a joint venture between Enduring Hydro, a company she founded in January 2011 and I Squared Capital, a private equity firm. From May 2009 to October 2010, Dr. Johnson served as Under Secretary of Energy at the U.S. Department of Energy. Prior to this, Dr. Johnson was Provost and Senior Vice President for Academic Affairs at The Johns Hopkins University from 2007 to 2009 and Dean of the Pratt School of Engineering at Duke University from 1999 to 2007. Previously, she served as a professor in the Electrical and Computer Engineering Department, University of Colorado and as director of the National Science Foundation Engineering Research Center for Optoelectronics Computing Systems at the University of Colorado, Boulder. She holds 119 U.S. and international patents and has received the John Fritz Medal, widely considered the highest award given in the engineering profession. Dr. Johnson was inducted into the National Inventors Hall of Fame in 2015 and she is also a member of the National Academy of Engineering. Dr. Johnson also currently serves on the board of directors of The AES Corporation. She previously served as a director of Boston Scientific Corporation, ending in 2017.

Dr. Johnson brings to the Board an engineering background as well as expertise in science, technology, business, education and government. In addition, she has leadership and management experience, both in an academic context as chancellor, provost and dean of nationally recognized academic institutions and in a corporate context as a board member of public technology companies.

Mr. McGeary has been a member of the Board since July 2003. He served as Chairman of Tegile Systems, Inc. from June 2010 to June 2012. From November 2004 to December 2009, he served as Chairman of the Board of BearingPoint, Inc. and also was interim CEO of BearingPoint from November 2004 to March 2005. BearingPoint filed for protection under Chapter 11 of the U.S. Bankruptcy Code in February 2009 and its plan under Chapter 11 was declared effective as of December 30, 2009. Mr. McGeary served as CEO of Brience, Inc. from July 2000 to July 2002. From April 2000 to June 2000, he served as a Managing Director of KPMG Consulting LLC, a wholly owned subsidiary of BearingPoint, Inc. (formerly KPMG Consulting, Inc.). From August 1999 to April 2000, he served as Co-President and Co-CEO of BearingPoint, Inc. From January 1997 to August 1999, he was employed by KPMG LLP as its Co-Vice Chairman of Consulting. Prior to 1997, he served in several capacities with KPMG LLP, including audit partner for technology clients. Mr. McGeary is a Certified Public Accountant and holds a B.S. degree in Accounting from Lehigh University. Mr. McGeary also currently serves on the boards of directors of PACCAR Inc. and Raymond James Financial, Inc.

Mr. McGeary brings to the Board a combination of executive experience in management and technology consulting. He also has expertise in leading talented teams, and skills in finance, accounting and auditing with technology industry experience.

Mr. Robbins has been a member of the Board since May 2015. He has served as CEO since July 2015. He joined Cisco in December 1997, from which time until March 2002 he held a number of managerial positions within Cisco's sales organization. Mr. Robbins was promoted to Vice President in March 2002, assuming leadership of Cisco's U.S. channel sales organization. Additionally, in July 2005 he assumed leadership of Cisco's Canada channel sales organization. In December 2007, Mr. Robbins was promoted to Senior Vice President, U.S. Commercial, and in August 2009 he was appointed Senior Vice President, U.S. Enterprise, Commercial and Canada. In July 2011, Mr. Robbins was named Senior Vice President, Americas. In October 2012, Mr. Robbins was promoted to Senior Vice President, Worldwide Field Operations, in which position he served until assuming the role of CEO. Mr. Robbins also currently serves on the board of directors of BlackRock, Inc.

Mr. Robbins brings to the Board extensive industry, company and operational experience acquired from having served as Cisco's CEO since 2015, and prior to that from having led Cisco's global sales and partner teams. He has a thorough knowledge of Cisco's segments, technology areas, geographies and competition. He has a proven track record of driving results and played a key role in leading and executing many of Cisco's investments and strategy shifts to meet its growth initiatives.

Mr. Sarin has been a member of the Board since September 2009 and previously served on the Board from September 1998 to July 2003. In April 2003, he became CEO designate of Vodafone Group Plc and served as its CEO from July 2003 to July 2008. He also served as a member of the board of directors of that company from 1999 to 2008. From July 2001 to January 2003, he was CEO of Accel-KKR Telecom. He was the CEO of InfoSpace, Inc., and a member of its board of directors from April 2000 to January 2001. He was the CEO of the USA/Asia Pacific Region for Vodafone AirTouch Plc from July 1999 to April 2000. From February 1997 to July 1999, he was the President of AirTouch Communications, Inc. Prior to that, from April 1994 to February 1997, he served as President and CEO of AirTouch International. Mr. Sarin joined AirTouch Communications, Inc. in 1994 as Senior Vice President Corporate Strategy and Development upon its demerger from Pacific Telesis Group, which he joined in 1984. Mr. Sarin also currently serves on the boards of directors of Accenture plc and The Charles Schwab Corporation. Mr. Sarin served as a Senior Advisor at Kohlberg Kravis Roberts & Co. from October 2009 to October 2014. He previously served as a director of Safeway, Inc., ending in 2015 and Blackhawk Network Holdings, Inc., ending in 2018. In 2010, Mr. Sarin was named an Honorary Knight of the British Empire for services to the communications industry.

Mr. Sarin provides to the Board a telecommunications industry and technology background, as well as leadership skills, including through his global chief executive experience at Vodafone Group Plc. He also provides an international perspective as well as expertise in general management, finance, marketing and operations. Mr. Sarin also has experience as a director, including service as an outside board member of companies in the information technology, banking, financial services, and retail industries.

Mr. Saunders has been a member of the Board since March 2017. Mr. Saunders has served as CEO and President of Allergan plc since July 2014. He has been a board member of Allergan plc since July 2014 and has served as its Chairman since October 2016. He previously served as CEO and President of Forest Laboratories, Inc. from October 2013 until July 2014 and had served as a board member of Forest Laboratories, Inc. beginning in 2011. In addition, Mr. Saunders served as CEO of Bausch + Lomb Incorporated, a leading global eye health company, from March 2010 until August 2013. From 2003 to 2010 Mr. Saunders also held a number of leadership positions at Schering-Plough, including the position of President of Global Consumer Health Care and was named head of integration for the company's merger with Merck & Co. and for Schering-Plough's acquisition of Organon BioSciences. Before joining Schering-Plough, Mr. Saunders was a Partner and Head of Compliance Business Advisory Group at PricewaterhouseCoopers LLP from 2000 to 2003. Prior to that, he was Chief Risk Officer at Coventry Health Care and Senior Vice President, Compliance, Legal and Regulatory at Home Care Corporation of America. Mr. Saunders began his career as Chief Compliance Officer for the Thomas Jefferson University Health System.

Mr. Saunders brings to the Board his extensive leadership experience, including as CEO of two global healthcare companies in addition to financial, strategic and operational experience. He is a natural innovator and leader with a deep understanding of business transformation.

Mr. West has been a member of the Board since April 1996. He is a founder and partner of Emerging Company Partners LLC, which was formed in January 2004 and is a capital investor and provider of advisory services for technology firms. He served as Chief Operating Officer of nCUBE Corporation, a provider of on-demand media systems, from December 2001 to July 2003. Prior to joining nCUBE, he was the President and CEO of Entera, Inc. from September 1999 until it was acquired by Blue Coat Systems, Inc. (formerly CacheFlow Inc.) in January 2001. From June 1996 to September 1999, he was President and CEO of Hitachi Data Systems, a joint venture computer hardware and services company owned by Hitachi, Ltd. and Electronic Data Systems Corporation. Prior to that, Mr. West was at Electronic Data Systems Corporation from November 1984 to June 1996. Mr. West previously served as a director of Autodesk, Inc., ending in 2016.

Mr. West's experience in the information technology industry includes a variety of leadership and strategic positions, which have provided him with accumulated expertise in operational management, strategy, finance, and experience as an outside board member and audit committee member. Mr. West is a member of the National Association of Corporate Directors and was named to the NACD Directorship 100 in 2018. He is also a frequent speaker on audit committee and cybersecurity related issues. In addition, Mr. West has knowledge of Cisco acquired through more than 20 years of service on the Board.

7.2 Executive Officers and age as of August 31, 2018

Name	Age	Position with Cisco
Charles H. Robbins	52	Chairman and Chief Executive Officer
Mark Chandler	62	Executive Vice President, Chief Legal Officer and Chief Compliance Officer
Gerri Elliott	62	Executive Vice President and Chief sales and Marketing Officer
David Goeckeler	56	Executive Vice President and General Manager, Security and Networking Business
Kelly A. Kramer	51	Executive Vice President and Chief Financial Officer
Maria Martinez	60	Executive Vice President and Chief Customer Experience Officer
Irving Tan	48	Senior Vice President, Operations

Mr. Robbins - For information about Mr. Robbins, please refer to Section 7.1 above.

Mr. Chandler joined Cisco in July 1996, upon Cisco's acquisition of StrataCom, Inc., where he served as General Counsel. He served as Cisco's Managing Attorney for Europe, the Middle East, and Africa from December 1996 until June 1999; as Director, Worldwide Legal Operations from June 1999 until February 2001; and was promoted to Vice President, Worldwide Legal Services in February 2001. In October 2001, Mr. Chandler was promoted to Vice President, Legal Services and General Counsel, and in May 2003 he additionally was appointed Secretary, a position he held through November 2015. In February 2006, Mr. Chandler was promoted to Senior Vice President, and in May 2012 he was appointed Chief Compliance Officer. In June 2018, Mr. Chandler was promoted to Executive Vice President and Chief Legal Officer. Before joining StrataCom, Mr. Chandler had served as Vice President, Corporate Development and General Counsel of Maxtor Corporation.

Ms. Elliott joined Cisco in April 2018. Ms. Elliott is a former Executive Vice President of Juniper Networks, Inc., where she served as EVP and Chief Customer Officer from March 2013 to February 2014, EVP and Chief Sales Officer from July 2011 to March 2013 and EVP, Strategic Alliances from June 2009 to July 2011. Before joining Juniper, Ms. Elliott held a series of senior executive positions with Microsoft Corporation from 2001-2008 including Corporate Vice President of Microsoft's Industry Solutions Group, Worldwide Public Sector and North American Enterprise Sales organizations. Prior to joining Microsoft Corporation, Ms. Elliott spent 22 years at IBM Corporation, where she held several senior executive positions both in the U.S. and internationally. Since 2014 Ms. Elliott has served as a director on several public company boards including Whirlpool Corporation (since 2014), Bed Bath & Beyond, Inc. (2014-17), Imperva, Inc. (2015-18), Marvell Technology Group Ltd. (2017-18) and Mimecast Ltd. (2017-18), and during this period she also founded and led the development of Broadrooms.com, an informational resource for executive women who serve or want to serve on corporate boards in the U.S.

Mr. Goeckeler joined Cisco in May 2000, from which time until December 2010 he held a variety of leadership positions within Cisco's engineering organization, covering such technology focus areas as voice over IP, mobility, video infrastructure and networking. In December 2010, Mr. Goeckeler was promoted to Vice President, Engineering, in which his responsibilities included leading various product and platform-related initiatives within Cisco's Service Provider Business group. In October 2012, Mr. Goeckeler assumed leadership of engineering in Cisco's Security Business, and in November 2014 was promoted to Senior Vice President. In March 2016 he was elevated to Senior Vice President and General Manager of the Security Business. In May 2016, Mr. Goeckeler added networking to his oversight responsibilities, assuming the role of Senior Vice President, Networking and Security Business, and was promoted to Executive Vice President in July 2017. In March 2018, Mr. Goeckeler assumed the added responsibility for Cisco's IoT and analytics businesses.

Ms. Kramer joined Cisco in January 2012 as Senior Vice President, Corporate Finance. She served in that position until October 2014 and served as Cisco's Senior Vice President, Business Technology and Operations Finance from October 2013 until December 2014. She was appointed to her current position effective January 2015. From January 2009 until she joined Cisco, Ms. Kramer served as Vice President and CFO of GE Healthcare Systems. Ms. Kramer served as Vice President and CFO of GE Healthcare Diagnostic Imaging from August 2007 to January 2009 and as CFO of GE Healthcare Biosciences from January 2006 to July 2007. Prior to that, Ms. Kramer held various leadership positions with GE corporate and other GE businesses. She is a member of the board of directors of Gilead Sciences, Inc.

Ms. Martinez joined Cisco in April 2018. Prior to joining Cisco, she served in a variety of senior executive roles at Salesforce.com, inc. including President, Global Customer Success and Latin America from March 2016 to April 2018; President, Sales and Customer Success from February 2013 to March 2016; Executive Vice President and Chief Growth Officer from February 2012 to February 2013; and Executive Vice President, Customers for Life from February 2010 to February 2012. Ms. Martinez's experience prior to Salesforce includes Corporate Vice President of Worldwide Services at Microsoft Corporation, President and Chief Executive Officer of Embrace Networks, Inc. and various senior leadership roles at

Motorola, Inc. and AT&T Inc./Bell Laboratories. Ms. Martinez was a member of the board of directors of Plantronics, Inc. from September 2015 to April 2018.

Mr. Tan joined Cisco in December 2005, serving in manager-level and director-level positions within Cisco's Sales and Managed Services functions until March 2008, at which time he joined Hewlett Packard Corporation as General Manager of its Communications and Media Solutions Group in Asia Pacific and Japan. In April 2009, Mr. Tan rejoined Cisco, serving as Sales Director in charge of Malaysia and Singapore, and in February 2013 he was promoted to Vice President, Sales with responsibility for the Southeast Asia region. In April 2014, Mr. Tan was promoted to Senior Vice President, Sales with responsibility for Cisco's APJ geography. In January 2018, he was promoted to his current position.

7.3 Fraudulent Offences and Bankruptcy, Etc.

For at least the previous five years, none of the directors or executive officers of Cisco has:

(a) been convicted in relation to fraudulent offenses;

(b) been associated with any bankruptcies, receiverships or liquidations when acting in their capacity of directors or executive officers of Cisco; or

(c) been subject to any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) or ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer.

There are no family relationships between any of the executive officers and directors listed above.

7.4 Conflicts of Interest

Independent Directors

Upon recommendation of the Nomination and Governance Committee, the Board has affirmatively determined that each member of the Board other than Mr. Robbins is independent under the criteria established by Nasdaq for director independence. All members of each of Cisco's Audit, Compensation and Management Development ("Compensation Committee"), and Nomination and Governance committees are independent directors. In addition, upon recommendation of the Nomination and Governance Committee, the Board has determined that the members of the Audit Committee and the members of the Compensation Committee meet the additional independence criteria required for membership on those committees under applicable Nasdaq listing standards.

The Nasdaq criteria include a subjective test and various objective standards, such as that the director is not an employee of Cisco. Mr. Robbins is not deemed independent because he is a Cisco employee. The subjective test under Nasdaq criteria for director independence requires that each independent director not have a relationship that, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. The subjective evaluation of director independence by the Board was made in the context of the objective standards referenced above. In making its independence determinations, the Board generally considers commercial, financial services, charitable, and other transactions and other relationships between Cisco and each director and his or her family members and affiliated entities. For example, the Nomination and Governance Committee reviewed, for each independent director, the amount of all transactions between Cisco and other organizations where such directors serve as executive officers or directors, none of which exceeded 1% of the recipient's annual revenues during the relevant periods, except as described below.

For each of the independent directors, the Board determined based on the recommendation of the Nomination and Governance Committee that none of the transactions or other relationships exceeded

Nasdaq objective standards and none would otherwise interfere with the exercise of independent judgment in carrying out the responsibilities of a director. In making this determination, the Board considered a relationship that did not exceed Nasdaq objective standards but was identified by the Nomination and Governance Committee for further consideration under the subjective test. Mr. Capellas is a member of the board of directors of Flex Ltd. Cisco has ordinary course commercial relationships with Flex Ltd., including design, manufacturing and after-market services, and payments by Cisco to Flex Ltd. exceeded 1% of Flex Ltd.'s annual revenues. The Board determined that this relationship would not interfere with the exercise of independent judgment by Mr. Capellas in carrying out his responsibilities as a director.

Potential Payments upon Termination or Change in Control

Acceleration of Equity Awards.

As described in the "Compensation Discussion and Analysis" section included in Cisco's Definitive Proxy Statement filed with the SEC on October 24, 2018 ("Cisco's Proxy Statement"), each outstanding award to all employees under the 2005 Stock Incentive Plan that is subject to vesting provisions, and each performance-based restricted stock unit ("PRSU") awarded from time to time, 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. The Plan Administrator may also provide that each outstanding award will vest in full and, if applicable, become immediately exercisable in the event Cisco is acquired by merger or asset sale, or 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 does not recommend the shareholders to accept, or a change in the majority of the members of the Board as a result of one or more contested elections for board membership. However, we eliminated single-trigger change in control vesting (which only existed in the case of a hostile change in control) for equity awards granted beginning July 2016.

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 (at target levels for PRSUs) equal to the greater of (a) 100% of the unvested shares subject to the awards 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 on the date of death or determination of terminal illness.

In the event of the retirement of a named executive officer ("NEO") named in the "Summary Compensation Table" section included in Cisco's Proxy Statement, and to the extent the NEO 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 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 a NEO violates specific post-retirement covenants.

The table below sets forth the intrinsic values that the continuing NEOs would derive in the event of (a) a hostile change in control of Cisco, (b) a change in control in which the awards are not assumed or replaced by the acquiror, (c) the death or terminal illness of the NEO, or (d) the retirement of the NEO, that in each case hypothetically occurred on the last business day of fiscal 2018. For restricted stock units ("RSUs") and PRSUs, the intrinsic value is based upon the fiscal 2018 year-end closing Share price of $42.57.

Potential Payments—Accelerated Equity Awards

	Change in Control			
	Hostile	**Awards are not assumed or replaced by Acquiror**	**Death or Terminal Illness (1)**	**Retirement (2)**
Name	Intrinsic Value of Accelerated Restricted Stock Units and PRSUs ($)	Intrinsic Value of Accelerated Restricted Stock Units and PRSUs ($)	Intrinsic Value of Accelerated Restricted Stock Units and PRSUs ($)	Intrinsic Value of PRSUs ($)
Charles H. Robbins	$20,254,806	$ 59,348,966	$ 22,159,814	—
Kelly A. Kramer	$12,370,842	$ 34,699,871	$ 13,407,422	—
David Goeckeler	$ 9,223,557	$ 34,167,448	$ 10,000,000	$4,263,130
Maria Martinez	—	$ 12,283,148	$ 10,000,000	—
Gerri Elliott	—	$ 9,879,646	$ 9,879,646	—

(1) Represents the greater of (i) the intrinsic value of full acceleration of unvested RSUs and PRSUs, up to the limit of $10 million, assuming those awards were to be accelerated under the Death and Terminal Illness Policy or (ii) up to one year of vesting of unvested stock awards from the date of death or determination of terminal illness. These values have not been, and may never be, realized.

(2) Represents the value of PRSUs assuming shares were earned based on actual performance for the portion of the performance period that has been completed and target performance for the remainder. These values have not been, and may never be, realized. Further, PRSUs will be forfeited and provide no value to its holder to the extent the holder violates specific post-retirement covenants.

Certain Relationships and Transactions with Related Persons

Review, Approval or Ratification of Transactions with Related Persons

The Board has adopted a written related person transactions policy. The Audit Committee (or other committee designated by the Nomination and Governance Committee) reviews transactions that may be “related-person transactions,” which are transactions between Cisco and related persons in which the aggregate amount involved exceeds or may be expected to exceed $120,000 and in which a related person has or will have a direct or indirect material interest. For purposes of the policy, a related person is a director, executive officer, nominee for director, or a greater than 5% beneficial owner of the Shares, in each case since the beginning of the last fiscal year, and their immediate family members.

This policy provides that, barring special facts or circumstances, a related person does not have a direct or indirect material interest in the following categories of transactions:

- employment-related compensation to executive officers that is determined by the Compensation Committee;
- compensation to non-employee directors that is reported in Cisco’s proxy statement;
- transactions with another company at which:
    - the related person’s only relationship is as a beneficial owner of less than 10% of that company’s shares or as a limited partner holding interests of less than 10% in such partnership;
    - the related person is an employee (other than an executive officer) and/or a director, if the aggregate amount involved in a Cisco fiscal year does not exceed the greater of $1 million or 2% of that company’s total annual revenues; or

  - o the related person is the beneficial owner of less than a majority interest in that company (if the related person is solely related to Cisco because of its beneficial ownership of greater than 5% of the Shares);

- charitable contributions, grants or endowments to the Cisco Foundation or by Cisco or the Cisco Foundation to a charitable organization, foundation, or university at which the related person's only relationship is as an employee (or at which the related person is a trustee, director or executive officer if the aggregate amount involved in a Cisco fiscal year does not exceed $300,000), or any non-discretionary matching contribution, grant, or endowment made pursuant to a matching gift program;

- transactions where the related person's interest arises solely from the ownership of publicly traded securities issued by Cisco and all holders of such securities receive proportional benefits;

- transactions involving services as a bank depositary of funds, transfer agent, registrar, trustee under a trust indenture, or similar services;

- transactions where the rates or charges involved are determined by competitive bids;

- transaction involving the rendering of services as a common or contract carrier, or public utility, at rates or charges fixed in conformity with law or governmental authority;

- ordinary course business travel and expenses, advances and reimbursements; and

- payments made pursuant to (i) directors and officers insurance policies, (ii) Cisco's articles of incorporation or bylaws, and/or (iii) any policy, agreement or instrument previously approved by the Board, such as indemnification agreements.

When transactions involving related persons do not fall into one of the above categories, they are reviewed by Cisco's disclosure committee. The disclosure committee determines whether a related person could have a significant interest in such a transaction, and any such transaction is referred to the Audit Committee (or other designated committee). Transactions may also be identified through Cisco's Code of Business Conduct or other Cisco policies and procedures and reported to the Audit Committee (or other designated committee). That committee reviews the material facts of all related-person transactions and either approves, ratifies, rescinds, or takes other appropriate action (in its discretion) with respect to the transaction.

Certain Transactions with Related Persons

In September 2008, the Board adopted a travel policy whereby John T. Chambers, Cisco's former Executive Chairman, was generally required to utilize a private aircraft for business travel because his responsibilities on behalf of Cisco entailed substantial national and international travel. Commencing with expenses incurred in September 2008, Mr. Chambers was reimbursed solely for business expenses incurred in the operation of a private plane when used for Cisco business, provided such expenses did not exceed the market rate charged for equivalent commercial charter travel. For such business travel expenses incurred in fiscal 2018, there was approximately $1.6 million of reimbursements to Mr. Chambers under this policy.

A son of former executive officer Chris Dedicoat is employed by Cisco as a partner account manager in Cisco's finance organization based in the United Kingdom. Mr. Dedicoat's son received total compensation of approximately $206,000 for fiscal 2018. The total compensation includes salary, commissions, bonus and other compensation.

A sister of former executive officer Rebecca Jacoby was employed by Cisco as a vice president within Cisco's sales organization based in California, U.S.A. Ms. Jacoby's sister received total compensation of approximately $1.1 million for fiscal 2018. The total compensation includes salary, non-equity incentive plan compensation, stock awards and other compensation.

A sister-in-law of former executive officer Rebecca Jacoby is employed as an account executive by a company which provides management consulting services to Cisco. Ms. Jacoby's sister-in-law was directly involved in transactions between Cisco and her employer for which Cisco paid a total of approximately $170,000 during fiscal 2018, and her interest in those transactions was approximately $34,000. Ms. Jacoby had no direct involvement in these transactions.

A son of former executive officer Karen Walker was employed by Cisco as a consultant within Cisco's sales organization based in California, U.S.A. Ms. Walker's son received total compensation of approximately $134,000 for fiscal 2018. The total compensation includes salary, non-equity incentive plan compensation and other compensation.

On May 1, 2018, Cisco announced its intention to acquire Accompany, which had been co-founded in 2013 by Amy Chang (who had served on the Board since October 2016) and her husband Ryan McDonough, for $270 million in cash and assumed equity awards. In addition, on May 1, 2018, in conjunction with the announcement of the transaction, Ms. Chang resigned from the Board. The acquisition closed on May 10, 2018. In connection with the acquisition, Ms. Chang received proceeds of approximately $40.8 million, of which half is subject to re-vesting which will vest quarterly over 3 years, and Mr. McDonough received proceeds from the transaction of approximately $20.7 million. Also, in connection with the acquisition, Ms. Chang became a Senior Vice President of Cisco, and Mr. McDonough became an employee of Cisco for a transitional period.

VIII. EMPLOYEES

8.1 Directors' and Executive Officers' Holdings of Shares and Options

The following table sets forth information known to Cisco with respect to beneficial ownership of the Shares as of July 28, 2018 for (i) each director and nominee, (ii) the NEOs, and (iii) all executive officers and directors as a group.

Beneficial ownership is determined under the rules of the SEC and generally includes voting or investment power with respect to securities. Except as indicated in the footnotes to this table and pursuant to applicable community property laws, to Cisco's knowledge the persons named in the table below have sole voting and investment power with respect to all Shares beneficially owned. The number of Shares beneficially owned by each person or group as of July 28, 2018 includes Shares that such person or group had the right to acquire on or within 60 days after July 28, 2018, including, but not limited to, upon the exercise of options or the vesting of RSUs. References to RSUs in the footnotes of the table below include only RSUs outstanding as of July 28, 2018 that would vest or could settle on or within 60 days after July 28, 2018. PRSUs which vested and settled on September 11, 2018 upon satisfaction and certification of performance goals have been excluded because the vesting thereof was subject to material conditions other than the passage of time as of July 28, 2018. These PRSUs are referenced in the footnotes. For each individual and group included in the table below, percentage ownership is calculated by dividing the number of Shares beneficially owned by such person or group by the sum of the 4,613,538,316 Shares outstanding on July 28, 2018 plus the number of Shares that such person or group had the right to acquire on or within 60 days after July 28, 2018.

Except as noted otherwise, the address of each person named in the table is c/o Cisco Systems, Inc., 170 West Tasman Drive, San Jose, California, 95134-1706, U.S.A.

Name	Number of Shares Beneficially Owned	Percent Owned
Carol A. Bartz (1)	62,654	*
M. Michele Burns (2)	74,479	*
Michael D. Capellas	134,579	*
Gerri Elliott	0	*
Mark Garrett (3)	4,206	*
David Goeckeler (4)	101,308	*
Dr. John L. Hennessy (5)	87,169	*
Dr. Kristina M. Johnson (6)	37,399	*
Kelly A. Kramer (7)	351,941	*
Maria Martinez (8)	1,660	*
Roderick C. McGeary (9)	113,154	*
Charles H. Robbins (10)	139,189	*
Arun Sarin (11)	58,570	*
Brenton L. Saunders (12)	11,189	*
Steven M. West (13)	77,888	*
All executive officers and directors as a group (17 Persons) (14)	1,397,542	*

* Less than one percent.

(1) Represents 60,026 Shares held by the Carol Ann Bartz (Living) Trust and 2,628 Shares held by Ms. Bartz's spouse.

(2) Includes 6,904 Shares subject to fully vested deferred stock units.

(3) Includes 899 Shares held by family limited partnerships.

(4) Includes 70,625 Shares subject to RSUs. Excludes 39,325 Shares subject to PRSUs which vested on September 11, 2018 upon satisfaction and certification of performance goals Includes 58,666 Shares subject to RSUs.

(5) Represents 87,169 Shares subject to fully vested deferred stock units.

(6) Includes 21,904 Shares subject to fully vested deferred stock units.

(7) Includes 31,925 Shares subject to RSUs. Excludes 218,589 Shares subject to PRSUs which vested on September 11, 2018 upon satisfaction and certification of performance goals.

(8) Includes 1,276 Shares held by a trust.

(9) Includes 49,460 Shares subject to fully vested deferred stock units.

(10) Includes 69,750 Shares subject to RSUs. Excludes 355,149 Shares subject to PRSUs which vested on September 11, 2018 upon satisfaction and certification of performance goals.

(11) Represents 58,570 Shares subject to fully vested deferred stock units.

(12) Includes 10,749 Shares subject to fully vested deferred stock units.

(13) Includes 72,225 Shares held by the West-Karam Family Trust and 400 Shares held by Mr. West's spouse.

(14) Includes 234,756 Shares subject to fully vested deferred stock units and 244,987 Shares subject to RSUs. Excludes 731,067 Shares subject to PRSUs which vested on September 11, 2018 upon satisfaction and certification of performance goals.

8.2 Employee Benefit Plans

Employee Stock Incentive Plans

Stock Incentive Plan Program Description As of July 28, 2018, we had one stock incentive plan: the 2005 Stock Incentive Plan (the "2005 Plan"). In addition, we have, in connection with our acquisitions of various companies, assumed the share-based awards granted under stock incentive plans of the acquired companies or issued share-based awards in replacement thereof. Share-based awards are designed to reward employees for their long-term contributions to us and provide incentives for them to remain with Cisco. The number and frequency of share-based awards are based on competitive practices, operating results of Cisco, government regulations, and other factors. Our primary stock incentive plan is summarized as follows:

2005 Plan   As of July 28, 2018, the maximum number of shares issuable under the 2005 Plan over its term was 694 million shares, plus shares from certain previous plans 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, the unexercised or unsettled shares underlying the awards will again be available under the 2005 Plan. In addition, starting November 19, 2013, shares withheld by Cisco from an award other than a stock option or stock appreciation right to satisfy withholding tax liabilities resulting from such award will again be available for issuance, based on the fungible share ratio in effect on the date of grant.

Pursuant to an amendment approved by our shareholders on November 12, 2009, the number of shares available for issuance under the 2005 Plan is reduced by 1.5 shares for each share awarded as a stock grant or a stock unit, and any shares underlying awards outstanding from certain previous plans 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, and RSUs, 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 Cisco and its subsidiaries and affiliates, and non-employee directors of Cisco. 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. The expiration date for stock options and stock appreciation rights 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 months or 36 months, respectively. Time-based stock grants and time-based RSUs will generally vest over a four year term. The majority of the performance-based and market-based RSUs vests at the end of the three-year requisite service period or earlier if the award recipient meets certain retirement eligibility conditions. Certain performance-based RSUs that are based on the achievement of financial and/or non-financial operating goals typically vest upon the achievement of milestones (and may require subsequent service periods), with overall vesting of the shares underlying the award ranging from six months to three years. The Compensation and Management Development Committee of the Board 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.

Employee Stock Purchase Plan

We have an ESPP under which 621.4 million Shares have been reserved for issuance as of July 28, 2018. 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 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 ESPP is scheduled to terminate on January 3, 2020. We issued 22 million, 23 million, and 25 million Shares under the ESPP in fiscal 2018, 2017, and 2016, respectively. As of July 28, 2018, 78 million Shares were available for issuance under the ESPP.

Share-Based Awards Available for Grant

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

Years Ended	**July 28, 2018**	July 29, 2017	July 30, 2016
Balance at beginning of fiscal year	**272**	242	276
Restricted stock, stock units, and other share-based awards granted	**(70)**	(76)	(96)
Share-based awards canceled/forfeited/expired	**18**	78	30
Shares withheld for taxes and not issued	**25**	28	30
Other	**—**	—	2
Balance at end of fiscal year	**245**	272	242

For each share awarded as restricted stock or a RSU award under the 2005 Plan, 1.5 shares was deducted from the available share-based award balance. For RSUs 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.

Restricted Stock and Stock Unit Awards

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

	Restricted Stock/ Stock Units	Weighted-Average Grant Date Fair Value per Share	Aggregate Fair Value
UNVESTED BALANCE AT JULY 25, 2015	143	$ 22.08	
Granted	62	25.90	
Assumed from acquisitions	6	24.58	
Vested	(54)	20.68	$ 1,428
Canceled/forfeited/other	(12)	22.91	
UNVESTED BALANCE AT JULY 30, 2016	145	24.26	
Granted	50	27.89	
Assumed from acquisitions	15	32.21	
Vested	(54)	23.14	$ 1,701
Canceled/forfeited/other	(15)	23.56	
UNVESTED BALANCE AT JULY 29, 2017	**141**	**26.94**	
Granted	**46**	**35.62**	
Assumed from acquisitions	**1**	**28.26**	
Vested	**(53)**	**26.02**	**$ 1,909**
Canceled/forfeited/other	**(16)**	**28.37**	
UNVESTED BALANCE AT JULY 28, 2018	**119**	**$ 30.56**	

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, 2015	103	$ 28.68
Assumed from acquisitions	18	5.17
Exercised	(32)	19.22
Canceled/forfeited/expired	(16)	30.01
BALANCE AT JULY 30, 2016	73	26.78
Assumed from acquisitions	8	4.47
Exercised	(14)	12.11
Canceled/forfeited/expired	(55)	31.83
BALANCE AT JULY 29, 2017	**12**	**6.15**
Assumed from acquisitions	**3**	**8.20**
Exercised	**(8)**	**5.77**
Canceled/forfeited/expired	**(1)**	**8.75**
BALANCE AT JULY 28, 2018	**6**	**$ 7.18**

The total pretax intrinsic value of stock options exercised during fiscal 2018, 2017, and 2016 was $257 million, $283 million, and $266 million, respectively.

The following table summarizes significant ranges of outstanding and exercisable stock options as of July 28, 2018 (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 – 35.00	6	5.9	$ 7.18	$ 228	4	$ 6.84	$ 153

The aggregate intrinsic value represents the total pretax intrinsic value, based on Cisco's closing stock price of $42.57 as of July 27, 2018. The total number of in-the-money stock options exercisable as of July 28, 2018 was 4 million. As of July 29, 2017, 6 million outstanding stock options were exercisable, and the weighted-average exercise price was $5.61.

IX. WORKING CAPITAL STATEMENT

Cisco believes its cash and cash equivalents, investments, cash generated from operations, and ability to access capital markets and committed credit lines will satisfy, through at least the next 12 months, its liquidity requirements, both in total and domestically, including the following: working capital needs, capital expenditures, investment requirements, stock repurchases, cash dividends, contractual obligations, commitments, principal and interest payments on debt, pending acquisitions, future customer financings, and other liquidity requirements associated with its operations.

X. SELECTED FINANCIAL INFORMATION

10.1 Selected Financial Data

The selected financial data of Cisco set out in this prospectus are derived in part from and should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations, and Cisco's Consolidated Financial Statements and its related notes thereto appearing respectively on pages 31 – 57 and 63 – 113 of Cisco's Form 10-K. The Consolidated Financial Statements have been prepared in accordance with U.S. GAAP.

SELECTED FINANCIAL DATA
(In millions, except per-share amounts)

Years Ended	**July 28, 2018** (1)	July 29, 2017	July 30, 2016 (2)(3)
Revenue	**$ 49,330**	$ 48,005	$ 49,247
Net income	**$ 110**	$ 9,609	$ 10,739
Net income per share—basic	**$ 0.02**	$ 1.92	$ 2.13
Net income per share—diluted	**$ 0.02**	$ 1.90	$ 2.11
Shares used in per-share calculation—basic	**4,837**	5,010	5,053
Shares used in per-share calculation—diluted	**4,881**	5,049	5,088
Cash dividends declared per common share	**$ 1.24**	$ 1.10	$ 0.94
Net cash provided by operating activities	**$ 13,666**	$ 13,876	$ 13,570
	July 28, 2018	July 29, 2017	July 30, 2016
Cash and cash equivalents and investments	**$ 46,548**	$ 70,492	$ 65,756
Total assets	**$ 108,784**	$ 129,818	$ 121,652
Debt	**$ 25,569**	$ 33,717	$ 28,643
Deferred revenue	**$ 19,685**	$ 18,494	$ 16,472

(1) In fiscal 2018, Cisco recorded a provisional tax expense of $10.4 billion related to the enactment of the Tax Act comprised of $8.1 billion of U.S. transition tax, $1.2 billion of foreign withholding tax, and $1.1 billion re-measurement of net deferred tax assets and liabilities.

(2) In the second quarter of fiscal 2016, Cisco completed the sale of the SP Video CPE Business. As a result, revenue from this portion of the Service Provider Video product category will not recur in future periods. The sale resulted in a pre-tax gain of $253 million net of certain transaction costs. The year ended July 30, 2016 includes SP Video CPE Business revenue of $504 million.

(3) In fiscal 2016 Cisco recognized total tax benefits of $593 million for the following: i) the IRS and Cisco settled all outstanding items related to Cisco's federal income tax returns for fiscal 2008 through fiscal 2010, as a result of which Cisco recorded a net tax benefit of $367 million; and ii) the Protecting Americans from Tax Hikes Act of 2015 reinstated the U.S. federal R&D tax credit permanently, as a result of which Cisco recognized tax benefits of $226 million, of which $81 million related to fiscal 2015 R&D expenses.

The following tables summarize Cisco's available-for-sale investments (in millions):

July 28, 2018	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Fixed income securities:				
U.S. government securities	$ 7,318	$ —	$ (43)	$ 7,275
U.S. government agency securities	732	—	(5)	727
Non-U.S. government and agency securities	209	—	(1)	208

July 28, 2018	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Corporate debt securities	27,765	44	(445)	27,364
U.S. agency mortgage-backed securities	1,488	—	(53)	1,435
Total fixed income securities	37,512	44	(547)	37,009
Publicly traded equity securities	372	233	—	605
Total	$ 37,884	$ 277	$ (547)	$ 37,614

Net unsettled investment sales as of July 28, 2018 were $1.5 billion and were included in other current assets and other current liabilities.

Non-U.S. government and agency securities include agency and corporate debt securities that are guaranteed by non-U.S. governments.

10.2 Independent Registered Public Accounting Firm

The independent registered public accounting firm of Cisco is PricewaterhouseCoopers LLP, San Jose, California, U.S.A. PricewaterhouseCoopers LLP is registered with the Public Company Accounting Oversight Board (United States) and a member of the American Institute of Certified Public Accountants.

XI. DOCUMENTS ON DISPLAY

Cisco's website is www.cisco.com. Through a link on the Investor Relations section of its website, Cisco makes available the following filings as soon as reasonably practicable after they are electronically filed with or furnished to the SEC: its Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934. All such filings are available free of charge. All SEC filings are also available at the SEC's website at www.sec.gov.

Cisco's Form 10-K and Cisco's Proxy Statement, referred to in this prospectus, may be obtained free of charge upon request by an employee.

Cisco expects to issue, after market close on November 14, 2018, its earnings release for the quarter ended October 27, 2018. The quarterly report on Form 10-Q for such quarter will be filed with the SEC no later than December 6, 2018. These documents will be available on the websites of Cisco and the SEC indicated above.

XII. TAX CONSEQUENCES

12.1 Austria

The following summary is based on the income and social tax laws in effect in Austria as of the date of this prospectus. Tax laws are complex and can change frequently. As a result, the information below may be out of date at the time a Participating Employee purchases Shares under the ESPP, or when a Participating Employee sells Shares or receives dividends (if any).

The following applies only to Participating Employees who are tax residents of Austria. If the Participating Employee is a citizen or resident of another country (or is considered as such for local law purposes) or transfers employment or residency to a different country after enrolling in the ESPP, the information below may not be applicable. Furthermore, this information is general in nature and does not discuss all of the various laws, rules and regulations that may apply. It may not apply to each Participating Employee's particular tax or financial situation and the Company is not in a position to assure them of any particular tax result.

Participating Employees should address any particular questions to a specialized advisor.

ESPP

Enrollment in the ESPP

The Participating Employee is not subject to tax when he/she enrolls in the ESPP or a new Purchase Period begins.

Purchase of Shares

When Shares are purchased under the ESPP, the Participating Employee generally will be subject to income tax on the difference between the fair market value of the Shares on the purchase date and the purchase price (the "discount"). The Participating Employee will also be subject to social security contributions on the discount to the extent that the Participating Employee's income has not yet exceeded the applicable income ceilings. The Participant also may be subject to other payroll taxes including making contributions to the fund for the promotion of house building and contributions to the chamber of employees.

Sale of Shares

For Shares acquired prior to January 1, 2011, the Participating Employee will not be subject to capital gains tax when he/she subsequently sells the Shares purchased under the ESPP, provided the Participating Employee holds the Shares for more than 12 months and the Participating Employee has not owned 1% or more of the Company's stock within the past 5 years.

For Shares acquired on or after January 1, 2011 and sold on or after April 1, 2012, the Participating Employee will be subject to capital gains tax at a flat rate on the difference between the sale proceeds and the fair market value of the Shares at purchase. Alternatively, and only upon the Participating Employee's application, the gain can be taxed at progressive rates.

Withholding and Reporting

The Participating Employee's employer will withhold income tax and social security contributions (to the extent that the Participating Employee's income has not already exceeded applicable ceilings) due on the discount at purchase and report the income the Participating Employee recognized at purchase to the Austrian tax authorities.

The Participating Employee must report the discount in his/her annual income tax return and pay any taxes due in excess of the amount withheld by his/her employer. It is also the Participating Employee's responsibility to report any income resulting from the sale of Shares or receipt of any dividends and pay any taxes due on such income.

12.2 Belgium

The following summary is based on the income and social tax laws in effect in Belgium as of the date of this prospectus. Tax laws are complex and can change frequently. As a result, the information below may be out of date at the time a Participating Employee purchases Shares under the ESPP, or when a Participating Employee sells Shares or receives dividends (if any).

The following applies only to Participating Employees who are tax residents of Belgium. If the Participating Employee is a citizen or resident of another country (or is considered as such for local law purposes) or transfers employment or residency to a different country after enrolling in the ESPP, the information below may not be applicable. Furthermore, this information is general in nature and does not discuss all of the various laws, rules and regulations that may apply. It may not apply to each Participating Employee's particular tax or financial situation and the Company is not in a position to assure them of any particular tax result.

Participating Employees should address any particular questions to a specialized advisor.

ESPP

Enrollment in the ESPP

The Participating Employee is not subject to tax when he/she enrolls in the ESPP or a new Purchase Period begins.

Purchase of Shares

When Shares are purchased under the ESPP, the Participating Employee generally will be subject to income tax on the difference between the fair market value of the Shares on the purchase date and the purchase price (the "discount"). The Participating Employee will also be subject to social security contributions on the discount.

Sale of Shares

The Participating Employee typically should not be subject to tax when he/she subsequently sells the Shares purchased under the ESPP. However, the Participating Employee will be subject to a stock exchange tax at the time the Participating Employee sells the Shares purchased under the ESPP. The stock exchange tax applies on the sale proceeds on a per transaction basis (subject to the applicable maximum threshold). The Participating Employee will be responsible for filing a stock exchange tax return and paying the tax due by the end of the second month following the month of the sale, except in the unlikely event that the financial intermediary involved in the sale of shares arranges to pay and/or remit the stock exchange tax on the Participating Employee's behalf via a Belgian representative.

Withholding and Reporting

Currently, the local employer will not withhold or report income tax or social insurance contributions when Shares are purchased under the ESPP. It is the Participating Employee's responsibility to report the discount in his/her annual tax return as a benefit-in-kind and pay any applicable income taxes and social insurance contributions resulting from the purchase of Shares, the subsequent sale of Shares or the receipt of any dividends.

12.3 Czech Republic

The following summary is based on the income and social tax laws in effect in the Czech Republic as of the date of this prospectus. Tax laws are complex and can change frequently. As a result, the information below may be out of date at the time a Participating Employee purchases Shares under the ESPP, or when a Participating Employee sells Shares or receives dividends (if any).

The following applies only to Participating Employees who are tax residents of the Czech Republic. If the Participating Employee is a citizen or resident of another country (or is considered as such for local law purposes) or transfers employment or residency to a different country after enrolling in the ESPP, the information below may not be applicable. Furthermore, this information is general in nature and does not discuss all of the various laws, rules and regulations that may apply. It may not apply to each

Participating Employee's particular tax or financial situation and the Company is not in a position to assure them of any particular tax result.

Participating Employees should address any particular questions to a specialized advisor.

ESPP

Enrollment in the ESPP

The Participating Employee is not subject to tax when he/she enrolls in the ESPP or a new Purchase Period begins.

Purchase of Shares

When Shares are purchased under the ESPP, the Participating Employee will be subject to income tax on the difference between the fair market value of the Shares on the purchase date and the purchase price. The Participating Employee likely will not be subject to social insurance or health insurance contributions on this amount. However, the Participating Employee will be subject to solidarity surcharge if his or her annual income exceeds a specified threshold.

Sale of Shares

When the Participating Employee sell Shares acquired under the ESPP, the tax treatment of any gain realized will depend upon when the Participating Employee acquired the shares.

If the Shares sold were acquired <u>prior to January 1, 2014</u>, the Participating Employee will not be subject to tax on any gain realized upon sale provided that the Participating Employee has held the Shares for more than six months prior to sale and has not held an interest of more than 5% in the Company's registered capital or voting rights at any time in the 24-month period prior to the date of sale. If the Participating Employee has held the Shares for six months or less at the time of sale, the Participating Employee will be subject to tax at a flat rate on the difference between the sale proceeds and the fair market value of the Shares at purchase.

If the Shares sold were acquired <u>on or after January 1, 2014</u>, the Participating Employee will not be subject to tax on any gain realized upon sale provided that (i) the Participating Employee has held the Shares for more than 3 years, or (ii) the Participating Employee's gross annual income in the year of sale from the sale of Shares (and any similar securities, such as shares of other companies) amounts to CZK100,000 or less. If either of these requirements is not met, the Participating Employee will be subject to tax at a flat rate on the difference between the sale proceeds and the fair market value of the Shares at purchase.

Withholding and Reporting

The Participating Employee's employer is not required to withhold or report income tax when the Shares are purchased under the ESPP. It is the Participating Employee's responsibility to report in his/her annual tax return and pay taxes resulting from the purchase of Shares, the subsequent sale of Shares or the receipt of any dividends.

12.4 Denmark

The following summary is based on the income and social tax laws in effect in Denmark as of the date of this prospectus. Tax laws are complex and can change frequently. As a result, the information below may be out of date at the time a Participating Employee purchases Shares under the ESPP, or when a Participating Employee sells Shares or receives dividends (if any).

The following applies only to Participating Employees who are tax residents of Denmark. If the Participating Employee is a citizen or resident of another country (or is considered as such for local law purposes) or transfers employment or residency to a different country after enrolling in the ESPP, the information below may not be applicable. Furthermore, this information is general in nature and does not discuss all of the various laws, rules and regulations that may apply. It may not apply to each Participating Employee's particular tax or financial situation and the Company is not in a position to assure them of any particular tax result.

Participating Employees should address any particular questions to a specialized advisor.

ESPP

Enrollment in the ESPP

The Participating Employee is not subject to tax when he/she enrolls in the ESPP or a new Purchase Period begins.

Purchase of Shares

When Shares are purchased under the ESPP, the Participating Employee will be subject to income tax and social insurance contributions on the difference between the fair market value of the Shares on the purchase date and the purchase price.

Sale of Shares

The Participating Employee will be subject to tax on the gain when he/she subsequently sells the Shares purchased under the ESPP. The gain will be the difference between the sale price and the fair market value of the Shares on the purchase date. Such gain is generally taxed as share income; the rate of the tax depends on the Participating Employee's total share income from all sources (including dividends) for the tax year. Please note that different rules apply to Shares acquired prior to January 1, 2006. The Participating Employee should consult with his/her personal tax advisor with respect to the taxation of gains from the sale of Shares acquired prior to January 1, 2006, and the availability of exemptions.

Withholding and Reporting

The Participating Employee's employer is not required to withhold income tax or social insurance contributions at the time the Shares are purchased or sold. However, the employer will report the taxable amount at purchase to the Danish tax administration. It is the Participating Employee's responsibility to report and pay any taxes (including social insurance contributions) resulting from the purchase and the sale of the Shares, or receipt of any dividends.

12.5 France

The following summary is based on the income and social tax laws in effect in France as of the date of this prospectus. Tax laws are complex and can change frequently. As a result, the information below may be out of date at the time a Participating Employee purchases Shares under the ESPP, or when a Participating Employee sells Shares or receives dividends (if any).

The following applies only to Participating Employees who are tax residents of France and subject to French mandatory social security regime. If the Participating Employee is a citizen or resident of another country (or is considered as such for local law purposes) or transfers employment or residency to a different country after enrolling in the ESPP, the information below may not be applicable. Furthermore, this information is general in nature and does not discuss all of the various laws, rules and regulations that may apply. It may not apply to each Participating Employee's particular tax or financial situation and the Company is not in a position to assure them of any particular tax result.

Participating Employees should address any particular questions to a specialized advisor.

ESPP

Enrollment in the ESPP

The Participating Employee is not subject to tax or social security contributions when he/she enrolls in the ESPP or a new Purchase Period begins.

Purchase of Shares

When Shares are purchased under the ESPP, the Participating Employee will be subject to social security contributions, including CSG and CRDS on the difference between the fair market value of the Shares on the purchase date and the purchase price (the "discount"). The Participating Employee also will be subject to personal income tax on the discount, after deducting the tax deductible social contributions.

Sale of Shares

The Participating Employee will be subject to personal income tax and additional social taxes at a flat rate when he or she subsequently sells the Shares acquired under the ESPP. The taxable gain will be the difference between the sale proceeds and the fair market value of the Shares on the purchase date. Allowances for the holding period of the shares before the sale are available for income tax purposes. Alternatively, the Participant may choose to be taxed at progressive income tax rates, in which case a portion of social insurance contributions will be tax deductible. However, such election will be applied to all of the Participant's income and may thus, trigger unintended negative tax consequences.

Surtax

The Participating Employee will be required to pay surtax on the Participating Employee's total income, including the discount, dividends and any capital gains the Participating Employee realizes, if the Participating Employee's total income exceeds certain thresholds. The Participating Employee is solely responsible for paying any surtax due.

Withholding and Reporting

Prior to January 1, 2019, the Participating Employee's employer is not required to withhold personal income tax when Shares are purchased under the ESPP, provided that the Participating Employee is a French resident for French tax purposes from the start of the Purchase Period until the time of purchase. However, because the discount at purchase qualifies as additional salary under French law, the Participating Employee's employer is required to report this income on its annual declaration of salaries which is filed with the labor authorities and on the Participating Employee's monthly pay slip. Also, the Participating Employee's employer will withhold applicable social security contributions due at purchase on the discount. The additional salary realized at purchase (*i.e.*, the discount) and any taxable capital gains realized at sale of the Shares are included in the taxable income that the Participating Employee must report on his/her personal income tax return.

Effective January 1, 2019, a new withholding tax system will be implemented in France, under which the employer will withhold income tax due on the discount.

12.6 Germany

The following summary is based on the income and social tax laws in effect in Germany as of the date of this prospectus. Tax laws are complex and can change frequently. As a result, the information below may be out of date at the time a Participating Employee purchases Shares under the ESPP, or when a Participating Employee sells Shares or receives dividends (if any).

The following applies only to Participating Employees who are tax residents of Germany. If the Participating Employee is a citizen or resident of another country (or is considered as such for local law purposes) or transfers employment or residency to a different country after enrolling in the ESPP, the information below may not be applicable. Furthermore, this information is general in nature and does not discuss all of the various laws, rules and regulations that may apply. It may not apply to each Participating Employee's particular tax or financial situation and the Company is not in a position to assure them of any particular tax result.

Participating Employees should address any particular questions to a specialized advisor.

ESPP

Enrollment in the ESPP

The Participating Employee is not subject to tax when he/she enrolls in the ESPP or a new Purchase Period begins.

Purchase of Shares

When Shares are purchased under the ESPP, the Participating Employee will be subject to income tax at the Participating Employee's personal income tax rate on the difference between the fair market value of the Shares on the purchase date and the purchase price (the "discount"). Further, the Participating Employee will be subject to solidarity surcharge and church tax (if applicable) on the income tax owed on the discount.

The Participating Employee will also be subject to social security contributions on the discount to the extent that the Participating Employee's income has not yet exceeded the applicable income ceilings.

A small tax deduction may be available pursuant to Section 3 No. 39 of the German Income Tax Act provided certain conditions are met. The Participating Employee should consult with his or her personal tax advisor for further information regarding this deduction.

Sale of Shares

If the Participating Employee sells Shares that were acquired on or after January 1, 2009, the capital gain will be subject to income tax at a flat rate (plus solidarity surcharge and church tax, if applicable, on the flat rate tax), provided that the Participating Employee does not own 1% or more of the Company's stated capital (and has not owned 1% or more at any time in the last five years) and the Shares are not held as business assets. The capital gain will be the difference between the sale price and the fair market value of the Shares at purchase, less any costs the Participating Employee incurs directly related to the sale of the Shares.

The Participating Employee may deduct €801 (€1,602 for married couples and for partners filing jointly) from the Participating Employee's total capital gains and other income derived from capital investment earned in the relevant tax year. This deduction is available only once per year.

If the flat tax rate exceeds the Participating Employee's personal income tax rate, the Participating Employee may elect an assessment in order to have his or her personal income tax rate applied to the capital gain.

The Participating Employee will be responsible for declaring any capital gains he or she realizes upon the sale of Shares and paying applicable taxes due on such gains (unless the Participating Employee's

Shares are held by a German financial institution in a custodial account at the time of sale and the German financial institution withholds the applicable taxes due on the capital gains).

If the Participating Employee realizes a capital loss from the sale of the Shares, the Participating Employee may in general deduct the loss only from capital gains generated from the sale of Shares in the same calendar year or in subsequent calendar years. The loss may not be deducted from other income from capital investments (*e.g.*, dividend income or interest income) of the same calendar year or subsequent calendar years.

Withholding and Reporting

The Participating Employee's employer will withhold income tax (plus solidarity surcharge and church tax, if applicable) and social security contributions (to the extent that the Participating Employee's income has not already exceeded applicable ceilings) due on the discount at purchase and report the income the Participating Employee recognized at purchase to the German tax authorities for the month in which the purchase occurs.

Depending on the Participating Employee's personal tax situation, the Participating Employee may be required to file a tax return with the German tax authorities on which the Participating Employee must report any income he or she realizes in connection with his or her participation in the ESPP. If applicable, the Participating Employee is responsible for including the income realized under the ESPP in his or her annual tax return. Further, the Participating Employee is responsible for paying any difference between the Participating Employee's actual tax liability and the amount withheld by the Participating Employee's employer.

12.7 Ireland

The following summary is based on the income and social tax laws in effect in Ireland as of the date of this prospectus. Tax laws are complex and can change frequently. As a result, the information below may be out of date at the time a Participating Employee purchases Shares under the ESPP, or when a Participating Employee sells Shares or receives dividends (if any).

The following applies only to Participating Employees who are tax residents of Ireland. If the Participating Employee is a citizen or resident of another country (or is considered as such for local law purposes) or transfers employment or residency to a different country after enrolling in the ESPP, the information below may not be applicable. Furthermore, this information is general in nature and does not discuss all of the various laws, rules and regulations that may apply. It may not apply to each Participating Employee's particular tax or financial situation and the Company is not in a position to assure them of any particular tax result.

Participating Employees should address any particular questions to a specialized advisor.

ESPP

Enrollment in the ESPP

The Participating Employee is not subject to tax when he/she enrolls in the ESPP or a new Purchase Period begins.

Purchase of Shares

When Shares are purchased under the ESPP, the Participating Employee will be subject to income tax, Universal Social Charge ("USC") and Pay Related Social Insurance ("PRSI") on the difference between the fair market value of the Shares on the purchase date and the purchase price (the "discount").

Sale of Shares

The Participating Employee will be subject to capital gains tax when he/she subsequently sells the Shares acquired under the ESPP. The taxable amount will be the difference between the sale proceeds and fair market value of the Shares at purchase, less any expenses incidental to the sale (*e.g.*, broker fees). The resulting amount is subject to capital gains tax to the extent it exceeds the Participating Employee's annual exemption.

Withholding and Reporting

The Participating Employee's employer will report the discount at purchase and will withhold income tax, USC and PRSI due on the discount through the PAYE system. The Participating Employee must also report the discount at purchase on his/her annual tax return and pay any applicable taxes due in excess of the amount withheld by his/her employer. Further, the Participating Employee is required to report any income he/she realizes from the sale of Shares or the receipt of any dividends on his/her annual tax return and pay any applicable taxes due on such income.

12.8 Italy

The following summary is based on the income and social tax laws in effect in Italy as of the date of this prospectus. Tax laws are complex and can change frequently. As a result, the information below may be out of date at the time a Participating Employee purchases Shares under the ESPP, or when a Participating Employee sells Shares or receives dividends (if any).

The following applies only to Participating Employees who are tax residents of Italy. If the Participating Employee is a citizen or resident of another country (or is considered as such for local law purposes) or transfers employment or residency to a different country after enrolling in the ESPP, the information below may not be applicable. Furthermore, this information is general in nature and does not discuss all of the various laws, rules and regulations that may apply. It may not apply to each Participating Employee's particular tax or financial situation and the Company is not in a position to assure them of any particular tax result.

Participating Employees should address any particular questions to a specialized advisor.

ESPP

Enrollment in the ESPP

The Participating Employee is not subject to tax when he/she enrolls in the ESPP or a new Purchase Period begins.

Purchase of Shares

The Participating Employee will be subject to income tax and social insurance contributions when Shares are purchased under the ESPP on the difference between the purchase price and the fair market value of the Shares at purchase (*i.e.*, the average price of the Shares in the month preceding and including the purchase date) (the "discount"). However, because the ESPP is a broad-based program, the Participating Employee should be eligible for an exemption from income tax and social insurance contributions on the discount up to a threshold of €2,065 per year, provided that the Participating Employee does not sell the Shares acquired under the ESPP to the employer or to the issuer or, in the three years following the date of purchase, does not otherwise dispose of the shares. Any benefit exceeding the €2,065 threshold will be treated as employment income and taxed as such in the year of purchase.

If the Participating Employee sells the Shares acquired under the ESPP to the employer or to the issuer or, in the three years following the date of purchase otherwise disposes of the shares, the previously-exempted amount will be taxed and subject to social insurance contributions in the year of sale.

The discount will also be subject to any applicable surcharges, including municipal or regional surcharges as well an extraordinary surcharge due on annual income in excess of a threshold amount.

Sale of Shares

The Participating Employee will be subject to tax on the gain when he/she subsequently sells the Shares purchased under the ESPP. The gain will be calculated as the difference between the sale price and the purchase price or, if the Shares have already been subject to tax as employment income, the difference between the sale price and the sum of the purchase price and the amount already subject to taxation at purchase (or when the Participating Employee sold the Shares to the employer or to the issuer or within the three-year holding period required under the €2,065 exemption discussed above).

Withholding and Reporting

The Participating Employee's employer will withhold income tax and social insurance contributions on any portion of the discount at purchase that exceeds the €2,065 exemption threshold or if the Participating Employee sells his/her Shares to the employer or to the issuer or before the three-year holding period expires. In the event that the Participating Employee sells his/her Shares to the issuer or prior to the expiration of the three-year holding period, the Participating Employee is required to inform his/her employer of such sale. Further, it is the Participating Employee's responsibility to report any income realized from the sale of Shares or the receipt of any dividends and to pay any applicable taxes due on such income.

12.9 Netherlands

The following summary is based on the income and social tax laws in effect in the Netherlands as of the date of this prospectus. Tax laws are complex and can change frequently. As a result, the information below may be out of date at the time a Participating Employee purchases Shares under the ESPP, or when a Participating Employee sells Shares or receives dividends (if any).

The following applies only to Participating Employees who are tax residents of the Netherlands. If the Participating Employee is a citizen or resident of another country (or is considered as such for local law purposes) or transfers employment or residency to a different country after enrolling in the ESPP, the information below may not be applicable. Furthermore, this information is general in nature and does not discuss all of the various laws, rules and regulations that may apply. It may not apply to each Participating Employee's particular tax or financial situation and the Company is not in a position to assure them of any particular tax result.

Participating Employees should address any particular questions to a specialized advisor.

ESPP

Enrollment in the ESPP

The Participating Employee is not subject to tax when he/she enrolls in the ESPP or a new Purchase Period begins.

Purchase of Shares

The Participating Employee will be subject to tax when the right to purchase Shares under the ESPP becomes unconditional. This will likely occur at the time of purchase. The Participating Employee will be subject to income tax and social insurance contributions (to the extent the Participating Employee's income has not already exceeded the applicable ceiling) on the difference between the fair market value of the Shares on the purchase date and the purchase price.

Sale of Shares

When the Participating Employee subsequently sells the Shares purchased under the ESPP, he/she will not be subject to capital gains tax, provided he/she holds less than 5% of Cisco's outstanding shares as a private investment.

Withholding and Reporting

The Participating Employee's employer is required to report the discount at purchase as income to the Participating Employee and withhold wage tax and social insurance contributions (to the extent the Participating Employee's income has not already exceeded the applicable ceiling) due on such income. The Participating Employee must report the discount on his/her personal income tax return and pay any taxes due in excess of the amount withheld by his/her employer.

In addition, the Participating Employee is subject to a deemed investment yield tax based on the net value of all taxable assets (including the acquired Shares) held by the Participating Employee as of January 1 of the calendar year to the extent the value of such assets exceeds an annual exemption amount. The Participant is responsible for reporting and paying any investment tax due.

12.10 Norway

The following summary is based on the income and social tax laws in effect in Norway as of the date of this prospectus. Tax laws are complex and can change frequently. As a result, the information below may be out of date at the time a Participating Employee purchases Shares under the ESPP, or when a Participating Employee sells Shares or receives dividends (if any).

The following applies only to Participating Employees who are tax residents of Norway. If the Participating Employee is a citizen or resident of another country (or is considered as such for local law purposes) or transfers employment or residency to a different country after enrolling in the ESPP, the information below may not be applicable. Furthermore, this information is general in nature and does not discuss all of the various laws, rules and regulations that may apply. It may not apply to each Participating Employee's particular tax or financial situation and the Company is not in a position to assure them of any particular tax result.

Participating Employees should address any particular questions to a specialized advisor.

ESPP

Enrollment in the ESPP

The Participating Employee is not subject to tax when he/she enrolls in the ESPP or a new Purchase Period begins.

Purchase of Shares

When Shares are purchased under the ESPP, the Participating Employee will be subject to income tax and social security contributions on the difference between the fair market value of the Shares on the purchase date and the purchase price (the "discount"). A minor reduction of the taxable amount may be available.

Sale of Shares

The Participating Employee will be subject to tax when he/she subsequently sells the Shares purchased under the ESPP on the gain (if any) realized (*i.e*., the sales proceeds less the fair market value of the Shares on the purchase date). The Participating Employee must apply matching rules to determine his or her capital gains or losses using the FIFO method (First-In-First-Out). The Participating Employee may be able to deduct an allowance when calculating the taxable amount of capital gains. Please consult with a tax advisor for further detail.

Withholding and Reporting

The Participating Employee's employer is required to withhold income tax and social security contributions on the discount at purchase and to report the discount to the appropriate tax authorities. Participating Employee is responsible for filing an annual income tax return, reporting the amounts described above and payment of applicable taxes.

The fair market value of the Shares the Participating Employee receives under the ESPP as at January 1 in the year following the income year must be included in the Participating Employee's annual income tax return for net wealth tax purposes. Please consult a tax advisor for further detail.

12.11 Poland

The following summary is based on the income and social tax laws in effect in Poland as of the date of this prospectus. Tax laws are complex and can change frequently. As a result, the information below may be out of date at the time a Participating Employee purchases Shares under the ESPP, or when a Participating Employee sells Shares or receives dividends (if any).

The following applies only to Participating Employees who are tax residents of Poland. If the Participating Employee is a citizen or resident of another country (or is considered as such for local law purposes) or transfers employment or residency to a different country after enrolling in the ESPP, the information below may not be applicable. Furthermore, this information is general in nature and does not discuss all of the various laws, rules and regulations that may apply. It may not apply to each Participating Employee's particular tax or financial situation and the Company is not in a position to assure them of any particular tax result.

The information below reflects amendments to Polish tax law that took effect 1 January 2018. However, the tax treatment of equity awards in Poland remains somewhat uncertain. Participating Employees should address any particular questions to a specialized advisor.

ESPP

Enrollment in the ESPP

The Participating Employee is not subject to tax when he/she enrolls in the ESPP or a new Purchase Period begins.

Purchase of Shares

The Participating Employee will be subject to income tax when Shares are purchased under the ESPP on the difference between the purchase price and the fair market value of the Shares on the purchase date (the "discount").

Sale of Shares

When the Participating Employee subsequently sells any Shares purchased under the ESPP, the Participating Employee will be subject to tax on the sale proceeds less his/her tax base in the Shares. The Participating Employee is strongly encouraged to consult his/her personal tax advisor or the tax authorities regarding the taxable amount at the time of sale of the Shares.

Withholding and Reporting

The Participating Employee's employer will not withhold applicable taxes due on the discount at purchase. It will be the Participating Employee's responsibility to report any income the Participating Employee realizes from the purchase of Shares under the ESPP or the sale of such Shares and pay any applicable taxes due on such income.

12.12 Portugal

The following summary is based on the income and social tax laws in effect in Portugal as of the date of this prospectus. Tax laws are complex and can change frequently. As a result, the information below may be out of date at the time a Participating Employee purchases Shares under the ESPP, or when a Participating Employee sells Shares or receives dividends (if any).

The following applies only to Participating Employees who are tax residents of Portugal. If the Participating Employee is a citizen or resident of another country (or is considered as such for local law purposes) or transfers employment or residency to a different country after enrolling in the ESPP, the information below may not be applicable. Furthermore, this information is general in nature and does not discuss all of the various laws, rules and regulations that may apply. It may not apply to each Participating Employee's particular tax or financial situation and the Company is not in a position to assure them of any particular tax result.

Participating Employees should address any particular questions to a specialized advisor.

ESPP

Enrollment in the ESPP

The Participating Employee is not subject to tax when he/she enrolls in the ESPP or a new Purchase Period begins.

Purchase of Shares

When Shares are purchased under the ESPP, the Participating Employee will be subject to income tax (plus solidarity surcharge, if applicable) on the difference between the fair market value of the Shares on the purchase date and the purchase price (the "discount"). The Participating Employee will not be subject to social insurance contributions on the discount.

Sale of Shares

When the Participating Employee subsequently sells the Shares acquired under the ESPP, any capital gain (*i.e.*, the difference between the sale price and the fair market value of the Shares on the purchase date) will be subject to capital gains tax.

Withholding and Reporting

The Participating Employee's employer is not required to withhold income tax due on the discount at the time the Shares are purchased. However, the employer will report the discount to the Tax Authorities.

The Participating Employee is also required to report the discount in his/her annual tax return and pay any taxes resulting from the purchase of Shares, the sale of Shares or receipt of any dividends.

12.13 Spain

The following summary is based on the income and social tax laws in effect in Spain as of the date of this prospectus. Tax laws are complex and can change frequently. As a result, the information below may be out of date at the time a Participating Employee purchases Shares under the ESPP, or when a Participating Employee sells Shares or receives dividends (if any).

The following applies only to Participating Employees who are tax residents of Spain. If the Participating Employee is a citizen or resident of another country (or is considered as such for local law purposes) or transfers employment or residency to a different country after enrolling in the ESPP, the information below may not be applicable. Furthermore, this information is general in nature and does not discuss all of the various laws, rules and regulations that may apply. It may not apply to each Participating Employee's particular tax or financial situation and the Company is not in a position to assure them of any particular tax result.

Participating Employees should address any particular questions to a specialized advisor.

ESPP

Enrollment in the ESPP

The Participating Employee is not subject to tax when he/she enrolls in the ESPP or a new Purchase Period begins.

Purchase of Shares

When Shares are purchased under the ESPP, the Participating Employee will be subject to income tax on the difference between the fair market value of the Shares on the purchase date and the purchase price (the "discount"). In addition, the Participating Employee be subject to social insurance contributions on the discount (to the extent he or she has not already exceeded his or her applicable contribution ceiling).

However, the first €12,000 of income the Participating Employee realizes each calendar year in connection with the purchase of Shares will not be subject to income tax if: (i) the Participating Employee holds the Shares for at least three years before sale; and (ii) the Participating Employee, together, with his or her spouse and close relatives, do not collectively own more than 5% of the Company's stated capital. This exemption is not available for social insurance contribution purposes, and the entire taxable amount will be subject to applicable social insurance contributions.

In addition, a wealth tax may apply to any Shares acquired under the ESPP, subject to certain exemptions and other applicable thresholds.

Sale of Shares

When the Participating Employee subsequently sells the Shares acquired under the ESPP, any capital gain (*i.e*., the difference between the sale price and the fair market value of the Shares on the purchase date) will be subject to capital gains tax. The tax applicable to the gain at sale will depend upon the amount of capital income the Participating Employee realizes during the year, regardless of how long the Participating Employee holds the Shares.

If the Participating Employee's Shares were exempt from tax at purchase, and he or she sells the Shares before the applicable holding period expires, the Participating Employee will be subject to ordinary income tax on the portion of the discount that was exempted from income tax at the time of purchase.

The Participating Employee will be required to file a supplementary tax return for the year in which the Shares were purchases and pay income tax (plus legal interest) on such income.

Withholding and Reporting

The Participating Employee's employer is required to report the taxable amount at purchase. Subject to the €12,000 exemption, the taxable amount at purchase will be considered compensation in-kind subject to payment on account and the Participating Employee's employer will charge the payment on account to the Participating Employee. The Participating Employee is entitled to deduct the payment on account and obtain a tax credit from his or her income tax obligation. The Participating Employee's employer also is required to withhold social insurance contributions (if applicable) on the entire taxable amount when the Shares are purchased.

It is the Participating Employee's responsibility to report any income realized and pay any difference between the Participating Employee's actual liability and th amount withheld from the purchase of Shares under the ESPP, and any tax due resulting from the sale of Shares or receipt of any dividends. The Participating Employee is also responsible for reporting and paying any wealth tax (if applicable).

12.14 Sweden

The following summary is based on the income and social tax laws in effect in Sweden as of the date of this prospectus. Tax laws are complex and can change frequently. As a result, the information below may be out of date at the time a Participating Employee purchases Shares under the ESPP, or when a Participating Employee sells Shares or receives dividends (if any).

The following applies only to Participating Employees who are tax residents of Sweden. If the Participating Employee is a citizen or resident of another country (or is considered as such for local law purposes) or transfers employment or residency to a different country after enrolling in the ESPP, the information below may not be applicable. Furthermore, this information is general in nature and does not discuss all of the various laws, rules and regulations that may apply. It may not apply to each Participating Employee's particular tax or financial situation and the Company is not in a position to assure them of any particular tax result.

Participating Employees should address any particular questions to a specialized advisor.

ESPP

Enrollment in the ESPP

The Participating Employee is not subject to tax when he/she enrolls in the ESPP or a new Purchase Period begins.

Purchase of Shares

When Shares are purchased under the ESPP, the Participating Employee will be subject to income tax on the difference between the fair market value of the Shares on the purchase date and the purchase price (the "discount").

Sale of Shares

The Participating Employee will be subject to tax when he/she subsequently sells the Shares acquired under the ESPP. The gain is calculated as the sale price less the acquisition cost (*i.e.*, the purchase price plus the amount on which the Participating Employee was taxed at purchase). The average tax base (fair market value) of all Shares of the same type constitutes the base for calculating capital gain.

Alternatively, since the Shares are listed on the Nasdaq, as an alternative acquisition cost, the Participating Employee may elect to be taxed on 80% of the sale proceeds.

If the sale results in a capital loss, then the loss is deductible against certain types of capital gains realized during the same year. A partial tax reduction in other income categories is allowed to the extent the loss cannot be offset against capital gains realized in the same year.

Withholding and Reporting

The Participating Employee's employer is required to report the discount as income to the Participating Employee and withhold preliminary income tax due on such income. The Participating Employee must inform his/her employer, no later than the end of the month following purchase, that he/she has purchased Shares under the ESPP and disclose the discount. The Participating Employee must report the discount in his/her annual income tax return and pay any taxes due in excess of the amount withheld by his/her employer. It is also the Participating Employee's responsibility to report any income resulting from the sale of Shares or receipt of any dividends and pay any taxes due on such income.

12.15 United Kingdom

The following summary is based on the income and social tax laws in effect in the United Kingdom as of the date of this prospectus. Tax laws are complex and can change frequently. As a result, the information below may be out of date at the time a Participating Employee purchases Shares under the ESPP, or when a Participating Employee sells Shares or receives dividends (if any).

The following applies only to Participating Employees who are tax residents of the United Kingdom. If the Participating Employee is a citizen or resident of another country (or is considered as such for local law purposes) or transfers employment or residency to a different country after enrolling in the ESPP, the information below may not be applicable. Furthermore, this information is general in nature and does not discuss all of the various laws, rules and regulations that may apply. It may not apply to each Participating Employee's particular tax or financial situation and the Company is not in a position to assure them of any particular tax result.

Participating Employees should address any particular questions to a specialized advisor.

ESPP

Enrollment in the ESPP

The Participating Employee is not subject to tax when he/she enrolls in the ESPP or a new Purchase Period begins.

Purchase of Shares

When Shares are purchased under the ESPP, the Participating Employee will be subject to income tax on the difference between the market value of the Shares on the purchase date and the purchase price (the "discount"). In addition, the Participating Employee will be subject to employee national insurance contributions ("NICs") on the discount. Effective April 6, 2017, the Participating Employee may also be subject to an Apprenticeship Levy.

The Participating Employee's employer will calculate the income tax and NICs due on the discount when Shares are purchased under the ESPP and will account for these amounts to Her Majesty's Revenue and Customs ("HMRC"). The Participating Employee is required to reimburse the employer for the amounts accounted by it to HMRC.

The Participating Employee is responsible for any income tax due (in excess of the amount withheld from the Participating Employee’s salary or covered by the sale of Shares, if any) and must pay the tax as and when requested by the Company, employer or by HMRC (or any other tax authority or any other relevant authority). In the event the Company or employer pay any tax due on the Participating Employee's behalf, the Participating Employee is required to indemnify and keep indemnified the Company and the employer against any tax that they are required to pay or withhold.

Sale of Shares

When the Participating Employee subsequently sells the Shares acquired under the ESPP, any capital gain (*i.e*., the difference between the sale price and the market value of the Shares on the purchase date) will be subject to capital gains tax. However, capital gains tax is payable only if the Participating Employee’s total annual capital gain exceeds the annual exemption amount.

The Participating Employee must consider the share identification rules when calculating his/her capital gains. The Participating Employee should consult with his/her personal tax advisor for additional details.

Withholding and Reporting

As mentioned above, the Participating Employee’s employer will report the discount to tax authorities and will withhold applicable taxes due on such income. It is the Participating Employee‘s responsibility to report any income realized from sale of Shares and/or receipt of dividends and to pay any applicable taxes due on such income.

EXHIBIT

EXHIBIT I

CISCO SYSTEMS, INC. EMPLOYEE STOCK PURCHASE PLAN
(AS AMENDED AND RESTATED EFFECTIVE AS OF DECEMBER 12, 2018)

CISCO SYSTEMS, INC.
EMPLOYEE STOCK PURCHASE PLAN

(As Amended and Restated Effective as of December 12, 2018)

I. PURPOSE

The Cisco Systems, Inc. Employee Stock Purchase Plan is intended to provide eligible employees of the Company and one or more of its Corporate Affiliates with the opportunity to acquire a proprietary interest in the Company through participation in offerings (each, a "**Section 423 Offering**") under a plan designed to qualify as an employee stock purchase plan under Section 423 of the Internal Revenue Code (although the Company makes no undertaking or representation to maintain such qualification). In addition, the Plan authorizes the grant of purchase rights which do not qualify under Code Section 423 pursuant to any rules, procedures, agreements, appendices, or sub-plans adopted by the Plan Administrator for such purpose for eligible employees of the Company's Designated Affiliates in particular locations outside the United States (each, a "**Non-423 Offering**").

II. DEFINITIONS

For purposes of administration of the Plan, the following terms shall have the meanings indicated:

Affiliate means either a Corporate Affiliate or a Designated Affiliate.

Applicable Law means the requirements relating to the administration of equity-based awards under state corporate laws, United States federal and state securities laws, the Code, the rules of any stock exchange or quotation system on which the Stock is listed or quoted and the applicable laws of any non-U.S. jurisdiction where purchase rights are, or will be, granted under the Plan.

Board means the Board of Directors of the Company.

Code means the United States Internal Revenue Code of 1986, as amended, and the regulations and interpretations promulgated thereunder.

Company means Cisco Systems, Inc., a California corporation, and any corporate successor to all or substantially all of the assets or voting stock of Cisco Systems, Inc. which shall by appropriate action adopt the Plan.

Corporate Affiliate means any company which is either the parent corporation or a subsidiary corporation of the Company (as determined in accordance with Code Section 424), including any parent or subsidiary corporation which becomes such after the Effective Date.

Designated Affiliate means any parent or subsidiary of the Company and any other entities other than the Company in an unbroken chain of entities beginning with the Company if, at the time of the granting of the option, each of the entities, other than the last entity in the unbroken chain, owns or controls 50 percent or more of the total ownership interest in one of the other entities in the chain, which shall be designated by the Plan Administrator in its sole discretion as participating in a Non-423 Offering under the Plan.

Effective Date means the date shareholders of the Company approve this amendment and restatement.

Eligible Earnings shall be determined by the Plan Administrator, or its designee, in its discretion on a uniform and nondiscriminatory basis for any offering period provided that such amount is paid to an Employee directly by any Participating Company, consistent with the requirements of Code Section 423 for any Offering qualified under Code Section 423. In addition, the Plan Administrator or its designee has the authority to make decisions about how Eligible Earnings should be interpreted for Employees outside the United States.

Employee means any person employed by the Company or any other Participating Company within the meaning of Code Section 3401(c).

Offering means a Section 423 Offering or a Non-423 Offering of a right to purchase shares under the Plan during an offering period as further described in Article IV. Unless otherwise determined by the Plan Administrator, each Offering under the Plan in which eligible Employees of the Company or a designated Corporate Affiliate may participate will be deemed a "separate offering" for purposes of Code Section 423 of the Code, even if the dates of the applicable offering periods of each such Offering are identical, and the provisions of the Plan will separately apply to each Offering. With respect to Section 423 Offerings, the terms of separate Offerings need not be identical provided that all Employees granted purchase rights in a particular Offering will have the same rights and privileges, except as otherwise may be permitted by Code Section 423; a Non-423 Offering need not satisfy such requirements.

Participant means any Employee of a Participating Company who is actively participating in the Plan.

Participating Company means the Company and such Affiliates as may be designated from time to time by the Plan Administrator.

Plan means the Cisco Systems, Inc. Employee Stock Purchase Plan, as may be amended from time to time.

Stock means shares of the common stock of the Company.

III. ADMINISTRATION

The Plan shall be administered by the Board or by a committee (the "**Committee**") comprised of at least two or more Board members appointed from time to time by the Board (the "**Plan Administrator**"). The Plan Administrator (whether the Board or the Committee) shall have full authority to administer the Plan, including authority, without limitation, to (a) interpret and construe any provision of the Plan; (b) adopt rules and regulations for administering the Plan, including such rules as it may deem necessary to comply with the requirements of Code Section 423; (c) determine eligibility, including whether Affiliates will participate in a Section 423 Offering or a Non-423 Offering of the Plan; (d) determine the terms and conditions of any purchase right under the Plan; (e) amend an outstanding purchase right, provided that the amended right otherwise conforms to the terms of the Plan; and (f) adopt rules, procedures, agreements, appendices, or sub-plans as it deems necessary or appropriate to permit the participation in the Plan by eligible Employees who are foreign nationals or employed outside the United States, as further set forth in Article X below.

Decisions of the Plan Administrator (or its designate) shall be final and binding on all parties who have an interest in the Plan.

IV. OFFERING PERIODS AND PURCHASE PERIODS

(a) Stock shall be offered for purchase under the Plan through a series of successive and/or overlapping offering periods until such time as (i) the maximum number of shares of Stock available for issuance under the Plan shall have been purchased or (ii) the Plan shall have been sooner terminated in accordance with Article IX or shall terminate in accordance with Section XII(a).

(b) Under no circumstances shall any purchase rights granted under the Plan be exercised, nor shall any shares of Stock be issued hereunder, until such time as (i) the Plan shall have been approved by the Company's shareholders and (ii) the Company shall have complied with all applicable requirements of the Securities Act of 1933 (as amended), all applicable listing requirements of any securities exchange on which the Stock is listed, and all other applicable requirements established by law or regulation.

(c) Unless otherwise determined by the Plan Administrator, the Plan shall be implemented in a series of overlapping offering periods, each to be of such duration (not to exceed twenty-four (24) months per offering period) as determined by the Plan Administrator prior to the commencement date of the offering period. Offering periods may commence at any time as determined by the Plan Administrator, including at quarterly or semi-annual intervals over the term of the Plan, and may consist of one or more purchase periods during which payroll deductions are collected from Participants and accumulated under the Plan. The Plan Administrator will announce the date each offering period will commence and the duration of that offering period and its applicable purchase period(s) in advance of the first day of such offering period.

(d) The Participant shall be granted a separate purchase right for each offering period in which he/she participates. The purchase right shall be granted on the first day of the offering period and shall be automatically exercised on the last U.S. business day of the applicable purchase period within that offering period or any earlier day the purchase right is to be exercised hereunder.

(e) An Employee may participate in only one offering period at a time. Accordingly, an Employee who wishes to join a new offering period must withdraw from the current offering period in which he/she is participating prior to the last day of the current offering period in which the Employee participates and must also enroll in the new offering period prior to the start date of that new offering period at such time and in such manner as the Plan Administrator, in its discretion, requires. The Plan Administrator, in its discretion, may require an Employee who withdraws from one offering period to wait one full offering period or purchase period before re-enrolling in a new offering period under the Plan.

V. ELIGIBILITY AND PARTICIPATION

(a) Each individual who is an Employee of a Participating Company on the commencement date of any offering period under the Plan shall be eligible to participate in the Plan for that offering period. The Plan Administrator may, in its discretion, limit the Employees who are eligible to participate in the Plan to those Employees who are regularly scheduled to work more than twenty (20) hours per week or more than five (5) months per calendar year, unless prohibited by Applicable Law. Notwithstanding the foregoing, in the case of a Non-423 Offering, any Employee (or group of Employees) may be excluded from participation in the Plan or an Offering thereunder if the Plan Administrator has determined, in its sole discretion, that participation of such Employee(s) is not advisable or practicable for any reason.

(b) In order to participate in the Plan for a particular offering period, the Employee must complete the enrollment forms prescribed by the Plan Administrator (including a purchase agreement and a payroll deduction authorization) and file such forms with the Plan Administrator (or its designate) no later than the day designated by the Plan Administrator in its discretion.

(c) Only Eligible Earnings may be used to participate and acquire Stock under the Plan.

(d) The payroll deduction authorized by a Participant for purposes of acquiring Stock under the Plan may be any multiple of 1% of the Eligible Earnings of the Participant during the applicable purchase period, up to a maximum equal to the lesser of (i) 10% of the Participant's Eligible Earnings per purchase period and (ii) 100% of the Participant's Eligible Earnings that remain after subtracting all other amounts that are to be deducted or withheld from such Eligible Earnings per purchase period. The deduction rate so authorized shall continue in effect for the entire period the purchase right remains outstanding, unless the Participant shall, prior to the end of the offering period for which the purchase right will remain in effect, reduce such rate (but not below 1%) by filing the appropriate form with the Plan

Administrator (or its designate). The reduced rate shall become effective as soon as practicable following the filing of such form. Payroll deductions, however, will automatically cease upon the termination of the Participant's purchase right in accordance with Sections VII(e) or (f) below. The Plan Administrator, in its discretion, may adopt rules limiting the number of payroll deduction rate changes a Participant may make in a single offering period or purchase period.

VI. STOCK SUBJECT TO PLAN

(a) The Stock purchasable by Participants under the Plan shall be authorized but unissued Stock. The total number of shares which may be issued under the Plan, in the aggregate, shall not exceed 721,400,000 shares (subject to adjustment under subparagraph (b) below). Such share reserve includes the 100,000,000 share increase approved by the Board on October 3, 2018 and subject to the approval of the shareholders at the 2018 Annual Meeting. For avoidance of doubt, up to the maximum number of shares reserved under this subparagraph (a) may be used to satisfy purchases of shares under Section 423 Offerings and any remaining portion of such maximum number of shares may be used to satisfy purchases of shares under Non-423 Offerings.

(b) In the event any change is made to the Stock purchasable under the Plan by reason of (I) any merger, consolidation or reorganization or (II) any stock dividend, stock split, recapitalization, combination of shares or other change affecting the outstanding Stock as a class without the Company's receipt of consideration, then unless such change occurs in connection with a Section VII(l) transaction, appropriate adjustments shall be made by the Plan Administrator to (i) the class and maximum number of shares issuable in the aggregate over the term of the Plan, (ii) the class and maximum number of shares purchasable per Participant on any one purchase date, and (iii) the class and number of shares and the price per share of the Stock subject to each purchase right at the time outstanding under the Plan.

VII. PURCHASE RIGHTS

An Employee who participates in the Plan for a particular offering period shall have the right to purchase Stock with Eligible Earnings upon the terms and conditions set forth below and shall execute a purchase agreement embodying such terms and conditions and such other provisions (not inconsistent with the Plan) as the Plan Administrator may deem advisable.

(a) Purchase Price. The U.S. Dollar purchase price per share shall be at least equal to the lesser of (i) 85% of the fair market value per share of Stock on the date on which the purchase right is granted or (ii) 85% of the fair market value per share of Stock on the date the purchase right is exercised. For purposes of determining such fair market value (and for all other valuation purposes under the Plan), the fair market value per share of Stock on any relevant date shall be the closing selling price per share on such date, as officially quoted on the principal exchange on which the Stock is at the time traded or, if not traded on any such exchange, the closing selling price per share of the Stock on such date, as reported on the Nasdaq National Market. If there are no sales of Stock on such day, then the closing selling price for the Stock on the next preceding day for which there does exist such quotation shall be determinative of fair market value.

(b) Number of Purchasable Shares. The number of shares purchasable by a Participant upon the exercise of an outstanding purchase right shall be the number of whole shares obtained by dividing the amount collected from the Participant through payroll deductions during each purchase period the purchase right remains outstanding by the purchase price in effect for each such purchase period. Any remaining amount in the Participant's account shall be automatically refunded to the Participant. However, the maximum number of shares purchasable by any Participant on any one purchase date shall not exceed 22,500 shares (subject to adjustment under Section VI(b)), and any amount not applied to the purchase of Stock on behalf of a Participant by reason of such limitation shall be refunded to that Participant.

Under no circumstances shall purchase rights be granted under the Plan to any Employee if such Employee would, immediately after the grant, own (within the meaning of Code Section 424(d)), or hold outstanding options or other rights to purchase, stock possessing 5% or more of the total combined voting power or value of all classes of stock of the Company or any of its Corporate Affiliates.

In addition, the accrual limitations of Article VIII shall apply to all purchase rights.

(c) Payment. Unless otherwise determined by the Plan Administrator, Payment for Stock purchased under the Plan shall be effected by means of the Participant's authorized payroll deductions of Eligible Earnings. Such deductions shall begin on the first pay day coincident with or immediately following the commencement date of the relevant purchase period and, unless terminated earlier pursuant to Sections VII(e) or (f) below, shall terminate with the pay day ending with or immediately prior to the last day of the purchase period. The amounts so collected shall be credited to the book account maintained by the Company on the Participant's behalf under the Plan, but no interest shall be paid on the balance from time to time outstanding in such book account. The amounts collected from a Participant may be commingled with the general assets of the Company and may be used for general corporate purposes.

(d) Conversion into U.S. Dollars. For purposes of determining the number of shares purchasable on any purchase date under the Plan by a Participant whose Eligible Earnings are paid in a currency other than U.S. Dollars, the payroll deductions credited to such Participant's book account during each purchase period shall be converted into U.S. Dollars on the purchase date for that purchase period on the basis of the exchange rate in effect on such date. The Plan Administrator shall have the absolute discretion to determine the applicable exchange rate to be in effect for each purchase date by any reasonable method (including, without limitation, the exchange rate actually used by the Company for its intra-Company financial transactions for the month of such transfer). Any changes or fluctuations in the exchange rate at which the payroll deductions collected on the Participant's behalf are converted into U.S. Dollars on each purchase date shall be borne solely by the Participant.

(e) Withdrawal from Offering Period.

(i) A Participant may withdraw from an offering period by filing the prescribed notification form with the Plan Administrator (or its designate) on or prior to the date required by the Plan Administrator in its discretion. No further payroll deductions shall be collected from the Participant with respect to that offering period, and the Participant shall have the following election with respect to any payroll deductions for the applicable purchase period collected prior to the withdrawal date: (A) have the Company refund, in the currency originally collected, the payroll deductions which the Participant made under the Plan during that purchase period or (B) have such payroll deductions held for the purchase of shares at the end of such purchase period. If no such election is made, then such payroll deductions shall automatically be refunded at the end of such purchase period, in the currency originally collected.

(ii) The Participant's withdrawal from a particular offering period shall be irrevocable and shall also require the Participant to re-enroll in the Plan (by making a timely filing of a new purchase agreement and payroll deduction authorization) if the Participant wishes to resume participation in a subsequent offering period.

(f) Termination of Employment/Leave of Absence. Except as provided in Section VII(m) below, if a Participant ceases to remain an Employee while his/her purchase right remains outstanding, then such purchase right shall immediately terminate and all sums previously collected from the Participant during the purchase period in which such termination occurs shall be promptly refunded to the Participant. However, should the Participant die or become permanently disabled while in Employee status or should the Participant cease active service by reason of a leave of absence, then the Participant (or the person or persons to whom the rights of the deceased Participant under the Plan are transferred by will or by the laws of descent and distribution) shall have the election, exercisable up until the end of the purchase period in which the Participant dies or becomes permanently disabled or in which the leave of absence commences, to (i) withdraw all the funds in the Participant's payroll account at the time of his/her cessation of Employee status or the commencement of such leave or (ii) have such funds held for the purchase of shares at the end of such purchase period. If no such election is made, then such funds shall automatically be held for the purchase of shares at the end of such purchase period. In no event, however, shall any further payroll deductions be added to the Participant's account for amounts paid following his/her cessation of Employee status or the commencement of such leave unless such amounts were earned prior to the commencement of such leave. Should the Participant return to active service (x) within three (3) months following the commencement of his/her leave of absence or (y) prior to the expiration of any longer period for which such Participant's right to reemployment with the Company is guaranteed by statute or contract, then his/her payroll deductions under the Plan shall automatically resume upon his/her return at the rate in effect at the time the leave began, and if a new purchase period begins during the period of the leave, then the Participant will automatically be enrolled in that purchase period at the rate of payroll deduction in effect for him/her at the time the leave commenced, but payroll deductions for that purchase period shall not actually begin until the Participant returns to active service. However, an individual who returns to active employment following a leave of absence that exceeds in duration the applicable (x) or (y) time period will be treated as a new Employee for purposes of subsequent participation in the Plan and must accordingly re-enroll in the Plan (by making a timely filing of the prescribed enrollment forms) on or before the start date of any subsequent offering period in which he or she wishes to participate.

For purposes of the Plan: (a) a Participant shall be considered to be an Employee for so long as such Participant remains in the active employ of the Company or any other Participating Company under the Plan, and (b) a Participant shall be deemed to be permanently disabled if he/she is unable, by reason of any medically determinable physical or mental impairment expected to result in death or to be of continuous duration of at least twelve (12) months, to engage in any substantial gainful employment.

(g) Stock Purchase. The Stock subject to the purchase right of each Participant (other than Participants whose purchase rights have previously terminated in accordance with Sections VII(e) or (f) above) shall be automatically purchased on the Participant's behalf on the last U.S. business day of the purchase period for which such purchase right remains outstanding. The purchase shall be effected by applying the amount credited to each Participant's book account, as converted into U.S. Dollars if necessary, on the last U.S. business date of the purchase period to the purchase of whole shares of Stock (subject to the limitations on the maximum number of purchasable shares set forth in Section VII(b)) at the purchase price in effect for such purchase period.

(h) Proration of Purchase Rights. Should the total number of shares of Stock to be purchased pursuant to outstanding purchase rights on any particular purchase date exceed the number of shares then available for issuance under the Plan and the Sub-Plan, the Plan Administrator shall make a pro-rata allocation of the available shares on a uniform and nondiscriminatory basis, and any amounts credited to the accounts of Participants shall, to the extent not applied to the purchase of Stock, be refunded to the Participants, in the currency originally collected.

(i) Shareholder Rights. A Participant shall have no rights as a shareholder with respect to shares covered by the purchase rights granted to the Participant under the Plan until the shares are actually purchased on the Participant's behalf in accordance with Section VII(g). No adjustments shall be made for dividends, distributions or other rights for which the record date is prior to the purchase date.

(j) ESPP Broker Account. The shares purchased on behalf of each Participant shall be deposited directly into a brokerage account which the Company shall establish for the Participant at a Company-designated brokerage firm. The account will be known as the ESPP Broker Account. The Plan Administrator may adopt such policies and procedures for the Plan as it determines is appropriate, including for Participants in a Section 423 Offering, policies and procedures regarding the transfer of shares from a Participant's ESPP Broker Account before those shares have been held for the requisite period necessary to avoid a disqualifying disposition of such shares under the U.S. Federal tax laws. The Company may require a Participant to retain the shares purchased on his or her behalf in the Participant's ESPP Broker Account until the sale of such shares.

(k) Assignability. No purchase rights granted under the Plan shall be assignable or transferable by a Participant other than by will or by the laws of descent and distribution, and during the Participant's lifetime the purchase rights shall be exercisable only by the Participant.

(l) Merger or Liquidation of Company. In the event the Company or its shareholders enter into an agreement to dispose of all or substantially all of the assets or outstanding capital stock of the Company by means of a sale, merger or reorganization in which the Company will not be the surviving corporation (other than a reorganization effected primarily to change the State in which the Company is incorporated, a merger or consolidation with a wholly-owned subsidiary, or any other transaction in which there is no substantial change in the shareholders of the Company or their relative stock holdings, regardless of whether the Company is the surviving corporation) or in the event the Company is liquidated, then all outstanding purchase rights under the Plan shall automatically be exercised immediately prior to the consummation of such sale, merger, reorganization or liquidation by applying all sums previously collected from Participants during the purchase period of such transaction to the purchase of whole shares of Stock, subject, however, to the applicable limitations of Section VII(b).

(m) Acquisitions and Dispositions. The Plan Administrator may, in its sole and absolute discretion and in accordance with principles under Code Section 423, create special offering periods for individuals who become Employees solely in connection with the acquisition of another company or business by merger, reorganization or purchase of assets and may provide for special purchase dates for Participants who will cease to be Employees solely in connection with the disposition of all or a portion of any Participating Company or a portion of the Company, which offering periods and purchase rights granted pursuant thereto shall, notwithstanding anything stated herein, be subject to such terms and conditions as the Plan Administrator considers appropriate in the circumstances.

(n) Tax, Withholding and Other Required Deductions. At the time a Participant's purchase right or the shares of Stock acquired pursuant to such purchase right is subject to tax or any other mandatory deduction, the Participant shall make adequate provision for all applicable tax obligations, withholding obligations or other mandatory deductions, if any, of the Participant and/or the applicable Participating Company. The applicable Participating Company may, but shall not be obligated to, withhold from the Participant's compensation or any other payments due the Participant the amount necessary to meet such tax obligations, withholding obligations or mandatory deductions or withhold from the proceeds of the sale of shares of Stock or any other method of withholding the Company and/or the applicable Participating Company deems appropriate. The Company and/or the applicable Participating Company shall have the right to take such other action as may be necessary in the opinion of the Company or the applicable Participating Company to satisfy such tax obligations, withholding obligations or mandatory deductions.

(o) Conditions Upon Issuance of Shares. Notwithstanding any other provision of the Plan, unless there is an available exemption from any registration, qualification or other legal requirement applicable to the shares, the Company will not be required to deliver any shares of Stock issuable upon exercise of a purchase right under the Plan prior to the completion of any registration or qualification of the shares under any Applicable Law, or prior to obtaining any approval or other clearance from any local, state, federal or foreign governmental agency, which registration, qualification or approval the Plan Administrator will, in its absolute discretion, deem necessary or advisable. The Company is under no obligation to register or qualify the shares with any state or foreign securities commission, or to seek approval or clearance from any governmental authority for the issuance or sale of the Shares. If, pursuant to this Section VII(o), the Plan Administrator determines that the shares will not be issued to any Participant, any payroll deductions credited to such Participant's account will be promptly refunded, without interest, to the Participant, without any liability to the Company or any Affiliate.

(p) Transfer of Employment. Unless otherwise determined by the Plan Administrator, a Participant whose employment transfers or whose employment terminates with an immediate rehire (with no break in service) by or between the Company and a Participating Company will not be treated as having ceased to be an Employee for purposes of participating in the Plan or an Offering thereunder; however, if a Participant transfers from a Section 423 Offering to a Non-423 Offering, the exercise of the Participant's purchase right will be qualified under the Section 423 Offering only to the extent that such exercise complies with Section 423 of the Code. If a Participant transfers from a Non-423 Offering to a Section 423 Offering, the exercise of the Participant's purchase right will remain non-qualified under the Non-423 Offering.

VIII. ACCRUAL LIMITATIONS

(a) No Participant shall be entitled to accrue rights to acquire Stock pursuant to any purchase right outstanding under this Plan if and to the extent such accrual, when aggregated with (I) Stock rights accrued under other purchase rights outstanding under this Plan and (II) similar rights accrued under other employee stock purchase plans (within the meaning of Code Section 423) of the Company or any Corporate Affiliate, would otherwise permit such Participant to purchase more than Twenty-Five Thousand U.S. Dollars (US$25,000) worth of stock of the Company or any Corporate Affiliate (determined on the basis of the fair market value of such stock on the date or dates such rights are granted to the Participant) for each calendar year such rights are at any time outstanding.

(b) For purposes of applying the accrual limitations of Section VIII(a), the right to acquire Stock pursuant to each purchase right outstanding under the Plan shall accrue as follows:

(i) The right to acquire Stock under each such purchase right shall accrue as and when the purchase right first becomes exercisable on the last U.S. business day of each purchase period the right remains outstanding.

(ii) No right to acquire Stock under any outstanding purchase right shall accrue to the extent the Participant has already accrued in the same calendar year the right to acquire Twenty-Five Thousand U.S. Dollars (US$25,000) worth of Stock (determined on the basis of the fair market value on the date or dates of grant) pursuant to one or more purchase rights held by the Participant during such calendar year.

(iii) If by reason of the Section VIII(a) limitations, one or more purchase rights of a Participant do not accrue for a particular purchase period, then the payroll deductions which the Participant made during that purchase period with respect to such purchase rights shall be promptly refunded in the currency originally collected.

(c) In the event there is any conflict between the provisions of this Article VIII and one or more provisions of the Plan or any instrument issued thereunder, the provisions of this Article VIII shall be controlling.

IX. AMENDMENT AND TERMINATION

(a) The Board or the Compensation Committee of the Board may from time to time alter, amend, suspend or discontinue the Plan; provided, however, that no such action shall adversely affect purchase rights or rights under Article XII below, at the time outstanding under the Plan, unless necessary or desirable to comply with any Applicable Law and provided, further, that no such action of the Board or the Compensation Committee of the Board may, without the approval of the shareholders of the Company, increase the number of shares issuable under the Plan (other than adjustments pursuant to Sections VI(b) and VII(b)), alter the purchase price formula so as to reduce the purchase price specified in the Plan, or materially modify the requirements for eligibility to participate in the Plan.

(b) Without shareholder approval and without regard to whether any Participant rights may be considered to have been "adversely affected," the Plan Administrator shall be entitled to, in addition to, and without limitation with respect to, what is permitted pursuant to Section IX(a), cancel or change the purchase periods, limit the frequency and/or number of changes in the amount withheld during a purchase period, permit payroll withholding in excess of the amount designated by a Participant in order to adjust for delays or mistakes in the Company's processing of properly completed enrollment forms, establish reasonable waiting and adjustment periods and/or accounting and crediting procedures to ensure that amounts applied toward the purchase of Stock for each Participant properly correspond with amounts withheld from the Participant's Eligible Earnings, and establish such other limitations or procedures as the Plan Administrator determines in its sole discretion advisable which are consistent with the Plan.

X. NON-U.S. OFFERINGS

Notwithstanding any provision to the contrary in this Plan, the Plan Administrator may adopt such rules, procedures, agreements, appendices, or sub-plans (collectively, "**Sub-Plans**") relating to the operation and administration of the Plan to accommodate local laws, customs and procedures for jurisdictions outside of the United States, the terms of which Sub-Plans may take precedence over other provisions of this Plan, with the exception of Article VI and Section XIII(a) hereof, but unless otherwise superseded by the terms of such Sub-Plan, the provisions of this Plan will govern the operation of such Sub-Plan. To the extent inconsistent with the requirements of Code Section 423, any such Sub-Plan will be considered part of a Non-423 Offering, and purchase rights granted thereunder will not be required by the terms of the Plan to comply with Code Section 423. Without limiting the generality of the foregoing, the Plan Administrator is authorized to adopt Sub-Plans for particular non-U.S. jurisdictions that modify the terms of the Plan to meet applicable local requirements, customs or procedures regarding, without limitation, (i) eligibility to participate, (ii) the definition of Eligible Earnings, (iii) the dates and duration of offering periods and purchase periods, (iv) any minimum or maximum amount of payroll deductions, a Participant may make in an offering period or other specified period under the applicable Sub-Plan, (v) the method of contribution to the Plan, including by means of check, wire transfer, electronic fund transfer or such other contribution method other than payroll deductions, (vi) the establishment of bank, building society or trust accounts to hold payroll deductions or other contributions to the Plan, (vii) the payment of interest, (viii) conversion of local currency, (ix) obligations to pay payroll tax, (x) withholding procedures and (xi) handling of share issuances.

XI. CODE SECTION 409A

Rights to purchase Stock granted under the Section 423 Offering are intended to be exempt from the application of Section 409A of the Code and rights to purchase Stock granted under the Non-423 Offering are intended either to be exempt from, or in compliance with, Section 409A of the Code. In furtherance of the foregoing and notwithstanding any provision in the Plan to the contrary, if the Plan Administrator determines that a right granted under the Plan may be subject to Section 409A of the Code or that any provision in the Plan would cause a right under the Plan to be subject to Section 409A of the Code, the Plan Administrator may, but shall not be required to, amend the terms of the Plan and/or of an outstanding right granted under the Plan, or take such other action the Plan Administrator determines is necessary or appropriate, in each case, without the Participant's consent, to exempt any outstanding right or future right that may be granted under the Plan from or to allow any such rights to comply with Section 409A of the Code or to mitigate any adverse tax consequences arising under Section 409A. Notwithstanding the foregoing, the Company makes no representation that the right to purchase Stock under the Plan is exempt from, or compliant with, Section 409A of the Code and shall have no liability to a Participant or any other party if the right to purchase Stock under the Plan that is intended to be exempt from or compliant with Section 409A of the Code is not so exempt or compliant or for any action taken by the Plan Administrator with respect thereto.

XII. DISPUTE RESOLUTION

(a) Agreement to Arbitrate. Effective on January 2, 2019, an Employee or other individual (collectively "Covered Person") manifests his or her agreement to arbitrate, without need for signature on the Covered Person's part, by (i) enrolling in or remaining enrolled in the Plan, (ii) asserting a claim for Stock the Covered Person could purchase or other participation rights under the terms of the Plan ("Claim for Stock"), or (iii) asserting a claim for damages measured in whole or part by the value of Stock or participation rights the Covered Person could purchase or claim under the terms of the Plan had the Covered Person been enrolled in or otherwise been entitled to Stock or participation rights under the Plan and made required payroll deductions ("Claim for Damages"). The Company manifests its agreement to arbitrate, without need for signature on its part, by sponsoring the Plan. This agreement to arbitrate will govern any claims under the Plan and takes precedence over any other agreement to arbitrate with the Company outside of the Plan.

(b) Arbitrable Claims. The Company and a Covered Person mutually consent to the resolution by arbitration of all claims or controversies ("Claims"), past, present or future. Claims include, but are not limited to, those (i) arising out of or relating to the Plan or any related documents, or seeking their enforcement or interpretation, (ii) alleging a breach, default, or misrepresentation related to any of the above, or (iii) alleging a Claim for Stock or a Claim for Damages. Claims shall be resolved under the Employment Arbitration Rules of JAMS, which are available at www.jamsadr.com ("JAMS Rules") or from the Company at the request of any Covered Person; provided, however, that notwithstanding any provision of the JAMS Rules, a court of competent jurisdiction (and not an arbitrator) shall resolve any dispute about the formation, validity, or enforceability of any provision of this arbitration agreement. All parties waive any right to a court or jury trial on any Claim. Nothing in this arbitration agreement prevents a Covered Person from filing or recovering pursuant to a complaint, charge, or other communication with any federal, state, or local governmental or law enforcement agency.

(c) Persons Entitled to Arbitrate. This arbitration agreement applies to and may be invoked by any Covered Person, and the Company, its affiliated companies, the shareholders, owners, directors, employees or agents of any such company, and all successors and assigns of any of them.

(d) Individualized Dispute Resolution. Notwithstanding any provision of the JAMS Rules, arbitration shall occur on an individual basis only. To the maximum extent permitted by law (after application of Federal Arbitration Act preemption principles), a Covered Person and all other parties waive the right to initiate, participate in, or recover through, any class or collective action.

(e) Costs and Fees. To the maximum extent permitted by law, the arbitrator shall award the prevailing party its costs and reasonable attorney's fees; provided, however, that the arbitrator at all times shall apply the law for the shifting of costs and fees that a court would apply to the claim(s) asserted.

(f) Applicable Law. Notwithstanding Section XIII(d) below, the Federal Arbitration Act ("FAA") shall govern this arbitration agreement. If for any reason the FAA does not apply, then the applicable arbitration law shall be that of the state in which a Covered Person renders or last rendered services to the Company.

(g) Severability. If any provision of this Article XII is found to be void or unenforceable, that provision shall be severed while leaving the balance of this Article XII intact.

XIII. GENERAL PROVISIONS

(a) The Plan shall terminate upon the earlier of (i) January 3, 2030 or (ii) the date on which all shares available for issuance under the Plan and any Sub-Plan shall have been sold pursuant to purchase rights exercised under the Plan and any Sub-Plan, except for the dispute resolution provisions in Article XII above, which shall survive and continue after the termination of the Plan.

(b) All costs and expenses incurred in the administration of the Plan shall be paid by the Company.

(c) Neither the action of the Company in establishing the Plan, nor any action taken under the Plan by the Board or the Plan Administrator, nor any provision of the Plan itself shall be construed so as to grant any person the right to remain in the employ of the Company or any Affiliate for any period of specific duration, and such person's employment may be terminated at any time, with or without cause.

(d) Except as provided by Section XII(f) above, the provisions of the Plan shall be governed by the laws of the State of California, without resort to that State's conflicts-of-laws rules.

CROSS-REFERENCE LISTS

ANNEX I

MINIMUM DISCLOSURE REQUIREMENTS FOR THE SHARE REGISTRATION DOCUMENT (SCHEDULE)

(Page numbering refers to the page contained in the relevant document)

Item #	**Item contents**	**Chapter/Exhibit**	**Page**
1.	**Persons Responsible**		
1.1.	All persons responsible for the information given in the prospectus.	Prospectus	4 (Company Representative for Prospectus)
1.2.	A declaration by those responsible for the prospectus.	Prospectus	4 (Company Representative for Prospectus)
2.	**Statutory Auditors**		
2.1.	Names and addresses of the issuer's auditors.	Part II - Section B	74 (10.2 Independent Registered Public Accounting Firm)
2.2.	If auditors have resigned, been removed or not been re-appointed during the period covered by the historical financial information, indicate details if material.	Not applicable	Not applicable
3.	**Selected Financial Information**		
3.1.	Selected historical financial information.	Part II - Section B	73 - 74 (10.1 Selected Financial Data)
3.2.	Interim periods.	Not applicable	Not applicable
4.	**Risk Factors**	Part II - Section A	17 - 40 (Risk Factors)
5.	**Information about the Issuer**		
5.1.	**History and Development of the Issuer**		
5.1.1.	Legal and commercial name of the issuer.	Part I - Section B	5 (B.1 Legal and Commercial Name of the Issuer)

Item #	Item contents	Chapter/Exhibit	Page
12.	**Trend Information**		
12.1.	Significant trends that affected production, sales and inventory, and costs and selling prices since the end of the last financial year to the date of the prospectus.	Part I - Section B	7 - 8 (B.4a Recent Trends)
12.2.	Trends, uncertainties or events that are likely to affect the issuer for at least the current financial year.	Part II - Section A	17 - 40 (Risk Factors)
13.	**Profit Forecasts or Estimates**	Not applicable	Not applicable
14.	**Administrative, Management, Supervisory Bodies and Senior Management**		
14.1.	Names, business addresses and functions in the issuer of the following persons and an indication of the principal activities performed by them outside the issuer where these are significant with respect to that issuer: a) members of the administrative, management or supervisory bodies;	Part II - Section B	58 - 62 (7.1 Board of Directors and age as of October 17, 2018) and 68 - 69 (8.1 Directors' and Executive Officers' Holdings of Shares and Options)
	b) partners with unlimited liability, in the case of a limited partnership with a share capital;	Not applicable	Not applicable
	c) founders, if the issuer has been established for fewer than five years; and	Not applicable	Not applicable
	d) any senior manager who is relevant to establishing that the issuer has the appropriate expertise and experience for the management of the issuer's business.	Part II - Section B	62 - 64 (7.2 Executive Officers and age as of August 31, 2018) and 68 - 69 (8.1 Directors' and Executive Officers' Holdings of Shares and Options)
	The nature of any family relationship between any of those persons.	Part II - Section B	64 (7.3 Fraudulent Offences and Bankruptcy, Etc.)

Item #	Item contents	Chapter/Exhibit	Page
	In the case of each member of the administrative, management or supervisory bodies of the issuer and each person mentioned in points (b) and (d) of the first subparagraph, details of that person's relevant management expertise and experience and the following information: (a) the nature of all companies and partnerships of which such person has been a member of the administrative, management and supervisory bodies or partner at any time in the previous five years, indicating whether or not the individual is still a member of the administrative, management or supervisory bodies or partner. It is not necessary to list all the subsidiaries of an issuer of which the person is also a member of the administrative, management or supervisory bodies or partner. It is not necessary to list all the subsidiaries of an issuer of which the person is also a member of the administrative, management or supervisory bodies.	Part II - Section B	58 - 62 (7.1 Board of Directors and age as of October 17, 2018) and 62 - 64 (7.2 Executive Officers and age as of August 31, 2018)
	(b) any convictions in relation to fraudulent offences for at least the previous five years; (c) details of any bankruptcies, receiverships or liquidations with which a person described in (a) and (d) of the first subparagraph who was acting in the capacity of any of the positions set out in (a) and (d) of the first subparagraph was associated for at least the previous five years; (d) details of any official public incrimination and/or sanctions of such person by statutory or regulatory authorities (including designated professional bodies) and whether such person has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous five years. If there is no such information to be disclosed, a statement to that effect is to be made.	Part II - Section B	64 (7.3 Fraudulent Offences and Bankruptcy, Etc.)
14.2.	Administrative, management, and supervisory bodies and senior management conflicts of interests.	Part II - Section B	64 - 68 (7.4 Conflicts of Interest)
17.	**Employees**		
17.2.	Shareholdings and stock options with respect to each person referred to in points (a) and (d) of the first	Part II - Section B	68 - 69 (8.1 Directors' and

Item #	Item contents	Chapter/Exhibit	Page
	subparagraph of item 14.1.		Executive Officers' Holdings of Shares and Options)
17.3	Description of any arrangements for involving the employees in the capital of the issuer.	Exhibit I	All sections
		Part II - Section B	69 - 72 (8.2 Employee Benefit Plans)
20.7.	**Dividend policy**		
20.7.1	The amount of the dividend per share for each financial year for the period covered by the historical financial information.	Part II - Section B	46 - 47 (Dividend Rights)
20.8.	Legal and arbitration proceedings.	Part II - Section B	55 - 57 ((h) Legal Proceedings)
20.9.	Significant change in the issuer's financial or trading position since the end of the last financial period.	Part I - Section B	7 - 8 (B.4a Recent Trends)
23.	**Third Party Information and Statement by Experts and Declarations of any Interest**		
23.1.	Where a statement or report attributed to a person as an expert is included in the Registration Document, provide such person's name, business address, qualifications and material interest if any in the issuer.	Not applicable	Not applicable
23.2.	Where information has been sourced from a third party, provide a confirmation that this information has been accurately reproduced.	Not applicable	Not applicable
24.	**Documents on Display**	Part II - Section B	74 (XI. Documents on Display)

ANNEX III

MINIMUM DISCLOSURE REQUIREMENTS FOR THE SHARE SECURITIES NOTE (SCHEDULE)

(Page numbering refers to the page contained in the relevant document)]

Item	Item contents	Chapter/Exhibit	Page
1.	**Persons Responsible**		
1.1.	All persons responsible for the information given in the prospectus.	Prospectus	4 (Company Representative for Prospectus)
1.2.	A declaration by those responsible for the prospectus.	Prospectus	4 (Company Representative for Prospectus)
2.	**Risk Factors**	Part II - Section A	17 - 40 (Risk Factors)
		Part II - Section B	46 (4.4. Currency of the Securities Issue, sentence beginning "Participating Employees assume the risk(…)") 49 (4.6 Transferability, sentence beginning "The Participating Employee assumes the risk (…)")
3.	**Essential Information**		
3.1	Working capital Statement.	Part II - Section B	72 (IX. Working Capital Statement)
3.2	Capitalization and indebtedness.	Part II - Section B	50 - 57 (V. Statement of Capitalization and Indebtedness as of July 28, 2018)
3.4	Reasons for the offer and use of proceeds.	Part II - Section B	40 (1.1 Purpose of ESPP) and

Item	Item contents	Chapter/Exhibit	Page
			58 (6.2 Net Proceeds)
		Exhibit I	Section I (Purpose)
4.	**Information Concerning the Securities to be Offered/ Admitted to Trading**		
4.1	Type and the class of the securities being offered, including the security identification code.	Part II - Section B	45 (4.1 Type and Class of the Securities being Offered, Including the Security Identification Code)
4.2	Legislation under which the securities have been created.	Part II - Section B	45 (4.2 Legislation Under which the Securities Have Been Created)
4.3	Form of securities, name and address of the entity in charge of keeping the records.	Part II - Section B	45 - 46 (4.3 Form of Securities, Name and address of the Entity in Charge of Keeping the Records)
4.4	Currency of the securities issue.	Part II - Section B	46 (4.4 Currency of the Securities Issue)
4.5	Rights attached to the securities.	Part II - Section B	46 - 49 (4.5 Rights Attached to the Securities)
4.6	Statement of the resolutions, authorizations and approvals by virtue of which the securities have been or will be created and/or issued.	Part II - Section B	40 (1.1 Purpose of the ESPP)
		Exhibit I	Section I (Purpose)
4.7	Expected issue date of the securities.	Part II - Section B	41 - 42 (1.3 Purchase Period)
4.8	Description of any restrictions on the free transferability of the securities.	Part II - Section B	45 (III. Delivery and Sale of the Shares) 45 (4.1 Type and Class of the Securities being Offered, Including the Security

Item	Item contents	Chapter/Exhibit	Page
			Identification Code) and 49 (4.6 Transferability)
		Exhibit I	Section VII (l) (Additional Restrictions on Transfer of Shares to Comply with Local Law) and U.S. ESPP Section VII(j) (Assignability)
4.9	Mandatory takeover bids and/or squeeze-out and sell-out rules in relation to the securities.	Part II - Section B	49 - 50 (4.7 General Provisions Applying to Business Combinations)
4.11	Information on taxes on the income from the securities withheld at source.	Part II - Section B	74 - 90 (XII. Tax Consequences)
5.	**Terms and Conditions of the Offer**		
5.1	**Conditions, offer statistics, expected timetable and action required to apply for the offer**		
5.1.1	Conditions to which the offer is subject.	Part II - Section B	40 - 45 (I. The Outline, II. Eligibility and III. Delivery and Sale of the Shares)
		Exhibit I	All sections
5.1.2	Total amount of the issue/offer.	Part II - Section B	58 (6.2 Net Proceeds)
		Exhibit I	U.S. ESPP Section VI (Stock Subject to Plan)
5.1.3	Time period during which the offer will be open and description of the application process.	Part II - Section B	40 - 45 (I. The Outline, II. Eligibility and III. Delivery and Sale of the Shares)
		Exhibit I	Section V (Eligibility and Participation)

Item	Item contents	Chapter/Exhibit	Page
			and U.S. ESPP Section IV (Purchase Periods)
5.1.4	Circumstances under which the offer may be revoked or suspended and whether revocation can occur after dealing has begun.	Part II - Section B	43 (1.7 Termination or Amendment of the ESPP)
		Exhibit I	U.S. ESPP Section IX (Amendment and Termination)
5.1.5	Possibility to reduce subscriptions and the manner for refunding excess amount paid by applicants.	Part II - Section B	44 (2.4 Discontinuance of Participation of Participating Employees)
5.1.6	Minimum and/or maximum amount of application.	Part II - Section B	43 - 44 (2.3 Payroll Deductions)
5.1.7	Period during which an application may be withdrawn.	Part II - Section B	44 (2.4 Discontinuance of Participation of Participating Employees)
5.1.8	Method and time limits for paying up the securities and for delivery of the securities.	Part II - Section B	43 - 44 (2.3 Payroll Deductions)
		Exhibit I	Section VII (d) (Payment and Conversion into U.S. Dollars)
5.3	**Pricing**		
5.3.1.	An indication of the price at which the securities will be offered.	Part II - Section B	42 (1.4 Purchase Price)
		Exhibit I	U.S. ESPP Section VII(a) (Purchase Price)
5.3.2.	Process for the disclosure of the offer price.	Part II - Section B	42 (1.4 Purchase Price)
		Exhibit I	U.S. ESPP Section VII(a) (Purchase Price)

Item	Item contents	Chapter/Exhibit	Page
5.3.3.	If the issuer's equity holders have pre-emptive purchase rights and this right is restricted or withdrawn.	Part II - Section B	49 (No Preemptive, Redemptive or Conversions Provisions)
5.3.4	Where there is or could be a material disparity between the public offer price and the effective cash cost to members of the administrative, management or supervisory bodies or senior management, or affiliated persons, of securities acquired by them in transactions during the past year.	Not applicable	Not applicable
5.4.	**Placing and Underwriting**		
5.4.2	Name and address of any paying agents and depository agents in each country.	Part II - Section B	45 - 46 (4.3 Form of Securities, Name and Address of the Entity in Charge of Keeping the Records)
6.	**Admission to Trading and Dealing Arrangements**		
6.1	Whether the securities offered are or will be the object of an application for admission to trading.	Part II - Section B	45 (4.1 Type and Class of the Securities being Offered, Including the Security Identification Code)
6.2	Regulated markets or equivalent markets on which securities of the same class of the securities to be offered or admitted to trading are already admitted to trading.	Part II - Section B	45 (4.1 Type and Class of the Securities being Offered, Including the Security Identification Code)
8.	**Expense of the Issue/Offer**		
8.1.	The total net proceeds and an estimate of the total expenses of the issue/offer.	Part II - Section B	58 (6.2 Net Proceeds)
9.	**Dilution**		
9.1.	The amount and percentage of immediate dilution resulting from the offer.	Part II - Section B	57 - 58 (6.1 Maximum Dilution)
9.2.	In the case of a subscription offer to existing equity holders, the amount and percentage of immediate dilution if they do not subscribe to the new offer.	Not applicable	Not applicable

Item	Item contents	Chapter/Exhibit	Page
10.	**Additional Information**		
10.1.	If advisors connected with an issue are mentioned in the Securities Note, a statement of the capacity in which the advisors have acted.	Not applicable	Not applicable
10.3.	Where a statement or report attributed to a person as an expert is included in the Securities Note, provide such persons' name, business address, qualifications and material interest if any in the issuer.	Not applicable	Not applicable
10.4.	Where information has been sourced from a third party.	Not applicable	Not applicable