

CISCO SYSTEMS, INC.
Consolidated Balance Sheets
(in millions, except par value)

	<u>July 27, 2019</u>	<u>July 28, 2018</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 11,750	\$ 8,934
Investments	21,663	37,614
Accounts receivable, net of allowance for doubtful accounts of \$136 at July 27, 2019 and \$129 at July 28, 2018.	5,491	5,554
Inventories	1,383	1,846
Financing receivables, net	5,095	4,949
Other current assets	2,373	2,940
Total current assets	47,755	61,837
Property and equipment, net	2,789	3,006
Financing receivables, net	4,958	4,882
Goodwill	33,529	31,706
Purchased intangible assets, net	2,201	2,552
Deferred tax assets	4,065	3,219
Other assets	2,496	1,582
TOTAL ASSETS	\$ 97,793	\$ 108,784
LIABILITIES AND EQUITY		
Current liabilities:		
Short-term debt	\$ 10,191	\$ 5,238
Accounts payable	2,059	1,904
Income taxes payable	1,149	1,004
Accrued compensation	3,221	2,986
Deferred revenue	10,668	11,490
Other current liabilities	4,424	4,413
Total current liabilities	31,712	27,035
Long-term debt	14,475	20,331
Income taxes payable	8,927	8,585
Deferred revenue	7,799	8,195
Other long-term liabilities	1,309	1,434
Total liabilities	64,222	65,580
Commitments and contingencies (Note 13)		
Equity:		
Cisco shareholders' equity:		
Preferred stock, no par value: 5 shares authorized; none issued and outstanding	—	—
Common stock and additional paid-in capital, \$0.001 par value: 20,000 shares authorized; 4,250 and 4,614 shares issued and outstanding at July 27, 2019 and July 28, 2018, respectively	40,266	42,820
(Accumulated deficit) Retained earnings	(5,903)	1,233
Accumulated other comprehensive income (loss)	(792)	(849)
Total Cisco shareholders' equity	33,571	43,204
Noncontrolling interests	—	—
Total equity	33,571	43,204
TOTAL LIABILITIES AND EQUITY	\$ 97,793	\$ 108,784

See Notes to Consolidated Financial Statements.

CISCO SYSTEMS, INC.
Consolidated Statements of Operations
(in millions, except per-share amounts)

Years Ended	July 27, 2019	July 28, 2018	July 29, 2017
REVENUE:			
Product	\$ 39,005	\$ 36,709	\$ 35,705
Service	12,899	12,621	12,300
Total revenue	51,904	49,330	48,005
COST OF SALES:			
Product	14,863	14,427	13,699
Service	4,375	4,297	4,082
Total cost of sales	19,238	18,724	17,781
GROSS MARGIN	32,666	30,606	30,224
OPERATING EXPENSES:			
Research and development	6,577	6,332	6,059
Sales and marketing	9,571	9,242	9,184
General and administrative	1,827	2,144	1,993
Amortization of purchased intangible assets	150	221	259
Restructuring and other charges	322	358	756
Total operating expenses	18,447	18,297	18,251
OPERATING INCOME	14,219	12,309	11,973
Interest income	1,308	1,508	1,338
Interest expense	(859)	(943)	(861)
Other income (loss), net	(97)	165	(163)
Interest and other income (loss), net	352	730	314
INCOME BEFORE PROVISION FOR INCOME TAXES	14,571	13,039	12,287
Provision for income taxes	2,950	12,929	2,678
NET INCOME	\$ 11,621	\$ 110	\$ 9,609
Net income per share:			
Basic	\$ 2.63	\$ 0.02	\$ 1.92
Diluted	\$ 2.61	\$ 0.02	\$ 1.90
Shares used in per-share calculation:			
Basic	4,419	4,837	5,010
Diluted	4,453	4,881	5,049

See Notes to Consolidated Financial Statements.

CISCO SYSTEMS, INC.
Consolidated Statements of Cash Flows
(in millions)

Years Ended	July 27, 2019	July 28, 2018	July 29, 2017
Cash flows from operating activities:			
Net income	\$ 11,621	\$ 110	\$ 9,609
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation, amortization, and other	1,897	2,192	2,286
Share-based compensation expense	1,570	1,576	1,526
Provision (benefit) for receivables	40	(134)	(8)
Deferred income taxes	(350)	900	(124)
Excess tax benefits from share-based compensation	—	—	(153)
(Gains) losses on divestitures, investments and other, net.	(24)	(322)	154
Change in operating assets and liabilities, net of effects of acquisitions and divestitures:			
Accounts receivable	(84)	(269)	756
Inventories	131	(244)	(394)
Financing receivables	(249)	(219)	(1,038)
Other assets	(955)	66	15
Accounts payable	87	504	311
Income taxes, net	312	8,118	60
Accrued compensation	277	100	(110)
Deferred revenue	1,407	1,205	1,683
Other liabilities	151	83	(697)
Net cash provided by operating activities	15,831	13,666	13,876
Cash flows from investing activities:			
Purchases of investments	(2,416)	(14,285)	(42,702)
Proceeds from sales of investments	7,388	17,706	28,827
Proceeds from maturities of investments	12,928	15,769	12,143
Acquisitions and divestitures	(2,175)	(2,979)	(3,324)
Purchases of investments in privately held companies	(148)	(267)	(222)
Return of investments in privately held companies	159	168	203
Acquisition of property and equipment	(909)	(834)	(964)
Proceeds from sales of property and equipment	22	59	7
Other	(12)	(19)	(4)
Net cash provided by (used in) investing activities	14,837	15,318	(6,036)
Cash flows from financing activities:			
Issuances of common stock	640	623	708
Repurchases of common stock - repurchase program	(20,717)	(17,547)	(3,685)
Shares repurchased for tax withholdings on vesting of restricted stock units	(862)	(703)	(619)
Short-term borrowings, original maturities of 90 days or less, net	3,446	(2,502)	2,497
Issuances of debt	2,250	6,877	6,980
Repayments of debt	(6,780)	(12,375)	(4,151)
Excess tax benefits from share-based compensation	—	—	153
Dividends paid	(5,979)	(5,968)	(5,511)
Other	113	(169)	(178)
Net cash used in financing activities	(27,889)	(31,764)	(3,806)
Net increase (decrease) in cash, cash equivalents, and restricted cash	2,779	(2,780)	4,034
Cash, cash equivalents, and restricted cash, beginning of fiscal year	8,993	11,773	7,739
Cash, cash equivalents, and restricted cash, end of fiscal year	\$ 11,772	\$ 8,993	\$ 11,773
Supplemental cash flow information:			
Cash paid for interest	\$ 839	\$ 910	\$ 897
Cash paid for income taxes, net.	\$ 2,986	\$ 3,911	\$ 2,742

See Notes to Consolidated Financial Statements.