

INTERNET FRAGMENTATION REPORT

WHEREAS:

In 2006, Mark Chandler, Cisco Systems' General Counsel, testified before the Committee on International Relations of the U.S. House of Representatives about alleged complicity in human rights violations in China:

“Some countries ... restrict or limit access to information on the Internet based on political considerations... While many have commented on the activities of the Chinese government in this regard, the issue is, in fact, global. Some Middle Eastern countries block sites critical of their leadership.”

“Efforts are underway.... to balkanize the Internet. Policies which promote that—even inadvertently—will undermine rather than support the many projects which help users evade censorship and will exacerbate rather than solve the problems we are discussing today.”

“The liberating power of the Internet depends on its existence as one global Internet. ... Any policies in this area should ... proceed from the realization that its very global nature provides a unique tool for the dissemination of ideas and cultivation of freedoms. We should do nothing to disturb its promise.”

Mr. Chandler testified that “the standardization of one global network. ... has been and remains the core of Cisco's mission.”

Cisco sells its products, including Internet and surveillance technology, primarily through resellers, to government agencies and state-owned entities throughout the world. The U.S. State Department has documented how various governments, including several with which our Company does business, monitor, censor and jail Internet users, through manipulation of Internet technology.

In 1998, Cisco was selected as a key supplier for building China's nationwide IP backbone, which has been called “the Great Firewall of China.” It is synonymous with the censored, closed network which, according to Mr. Chandler, threatens Cisco's core mission. In 2008, a leaked Cisco powerpoint made clear that Cisco engineers were aware of the Chinese government's repressive censorship and surveillance agenda and may have regarded this as a business opportunity. The Company disputes this interpretation, but acknowledges the document's authenticity.

In May 2011, a lawsuit was filed in federal court alleging that Cisco aided and abetted the Chinese government's efforts to persecute dissident groups, partially based on this document. Members of one such group were tortured and one was beaten to death.

Cisco discloses no information about its compliance policies and procedures to ensure that the company and its agents, including low-level employees working with government clients, uphold company policies and values when presented with opportunities to violate the fundamental human rights of freedom of expression and privacy.

This proposal has received more than 30% support for the past four years, but Cisco continues to resist meaningful dialogue with the proponents.

RESOLVED:

Shareholders request the Board to publish a report to shareholders within six months, at reasonable expense and omitting proprietary information, providing a summarized listing and assessment of concrete steps the company could reasonably take to reduce the likelihood that its business practices might enable or encourage the violation of human rights, including freedom of expression and privacy, or otherwise encourage or enable fragmentation of the internet.