

INTERNET FRAGMENTATION REPORT

WHEREAS:

On February 15, 2006, Cisco Systems, Yahoo, Google and Microsoft testified before the Committee on International Relations of the U.S. House of Representatives about alleged complicity in human rights violations in China;

Mark Chandler, General Counsel of Cisco Systems, testified that:

“Some countries have chosen to 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, we believe, 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.”

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 and others have documented how various governments, including several governments with which our Company does business, monitor, censor and jail Internet users, through manipulation of Internet technology.

Mr. Chandler testified that the key to the growth of the Internet “has been the standardization of one global network. This has been and remains the core of Cisco’s mission.”

In 1998, Cisco was selected as a key supplier for building China’s nation-wide 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. A 2002 Cisco document publicly leaked in 2008 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. Cisco currently has a \$16 billion investment program in China.

The US State Department has documented concerted efforts to thwart the development of one global Internet in Saudi Arabia, where Cisco is investing over \$265 Million and has over 140 Cisco Partners.

Legislation has been introduced in the House prohibiting, “businesses from cooperating with repressive governments in transforming the Internet into a tool of censorship and surveillance.” The proposed legislation provides for both fines and jail time (The Global Online Freedom Act of 2009 (H.R. 2271)).

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.