

CISCO SYSTEMS, INC.  
Form DEFA14A  
November 20, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934 (Amendment No. )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to § 240.14a-12

CISCO SYSTEMS, INC.

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

Edgar Filing: CISCO SYSTEMS, INC. - Form DEFA14A

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11(set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount previously paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

The following is additional information regarding Cisco's Executive Incentive Plan and the compensation of one of its Named Executive Officers.

**Annual Incentive Plan ( EIP )**

In determining the appropriate individual performance factors (IPF) for each individual named executive officer participant, the Compensation Committee considered leadership, innovation, execution, contributions to Cisco's achievement of its financial goals, strategic planning, among other items. The following grid has the individual performance rankings for our CEO and each other Named Executive Officer. The grid is followed by a listing of key performance achievements.

Leader	Leadership	Innovation	Strategic Planning	Execution	Contribution to Financial Goals
<b>Robbins</b>	5	4	5	5	5
<b>Kramer</b>	5	4	5	5	5
<b>Goeckeler</b>	5	5	5	5	4
<b>Martinez</b>	4	3	4	3	3
<b>Elliot</b>	4	3	4	3	3

Scale: 5 Exceptional, 4 Outstanding, 3 Meeting / Exceeding Expectations, 2 Below Expectations, 1 Unsatisfactory

Leader	Leadership	Innovation / Strategic Planning	Execution	Contribution to Financial Goals
Robbins	Rebuilt executive leadership team with strongest gender diversity balance in tech  Led Cisco's culture change  Established expectations for Cisco leaders	Been a partner and enabler of his leaders new strategies including shift to Customer Experience, SaaS infrastructure, and recurring revenue	Drove the necessary talent changes quickly new sales, engineering, services & operations leadership  Delivered on market guidance	TSR increase above peers  Exceeded financial plan  Fastest ramp of new product in Cisco history and accelerated innovation across portfolio

Kramer	Drove business model shift internally and externally	Played a key role in leading dialogue with shareholders, providing greater transparency	Ensured that strategic & financial planning are aligned	TSR increase above peers  Exceeded financial plan
--------	--	---	---	---

Drove the P&L  
mentality within Cisco

Worked with Wall  
Street to best report  
our new business  
model that is  
repeatable and fair

Successfully completed seven  
M&A deals

\$23.6B returned to shareholders  
through share repurchase &  
dividends

Changed how we  
view finances vs.  
strategy & business  
changes

Leader	Leadership	Innovation / Strategic Planning	Execution	Contribution to Financial Goals
Goeckeler	Significantly shifted his leadership team  Drove momentum to enable early-in-career and diversity to support a future pipeline of talent	Built a 3-5 year technical roadmap  Drove new product lines to enable a new subscription model	Delivery of the new Catalyst platforms and new innovation across the portfolio  Continued to influence our acquisition strategy to ensure it aligns to technical strategy  Drove new & continuing collaborations with key partners	Exceeded financial plan  Drove significant productivity savings through value engineering
Martinez	Rebuilt the leadership team  Bringing in new talent to execute on the new strategy	Introduced new services business model  Changed partner relationship to be more well balanced to position Cisco to generate greater revenue from our partners  Drove more customer obsessed model	Transformed more than 50% of leadership team  Consistent revenue growth while driving the future  Brought new level expertise that matches recurring revenue strategy and away from hardware	First 3 months of employment was encouraging  To be assessed in FY19
Elliot	Updated talent to those who drive long-term growth  Successfully reset how the geographies work	Shifted the sales capability & processes to a recurring revenue model and away from a one-time sales model	Partnered with Engineering to ensure alignment with new strategy	First 3 months of employment was encouraging  To be assessed in FY19

in the larger sales  
model

Partnered with  
Services to ensure  
aligned with new  
support model

**Named Executive Officer New Hire Compensation**

In March 2018, the Compensation Committee approved a new hire cash bonus payment and equity grants for Ms. Martinez, our new Executive Vice President and Chief Customer Experience Officer. Ms. Martinez fills a critical role on Cisco's Executive Leadership team to help Cisco achieve its strategic priorities. The Compensation Committee approved her new hire compensation package after consulting with its independent executive compensation consultant regarding market custom and practice for such packages. As part of her new hire package, Ms. Martinez received a \$13 million new hire cash bonus payment, subject to recoupment if she voluntarily terminates employment with the Company or if her employment is terminated for cause within 24 months. The magnitude of this new hire cash bonus payment was designed to approximate the value of the unvested equity she forfeited by leaving Salesforce.com.