

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

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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
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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.
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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 |
|-----------|------------|------------|--------------------|-----------|---------------------------------|
| Robbins   | 5          | 4          | 5                  | 5         | 5                               |
| Kramer    | 5          | 4          | 5                  | 5         | 5                               |
| Goeckeler | 5          | 5          | 5                  | 5         | 4                               |
| Martinez  | 4          | 3          | 4                  | 3         | 3                               |
| Elliot    | 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<br><br>Led Cisco's culture change<br><br>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<br><br>Delivered on market guidance | TSR increase above peers<br><br>Exceeded financial plan<br><br>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<br><br>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 /<br>Strategic Planning  | Execution  | Contribution to Financial Goals   |
|-----------|--|---|--|---|
| Goeckeler | Significantly shifted his leadership team<br><br>Drove momentum to enable early-in-career and diversity to support a future pipeline of talent | Built a 3-5 year technical roadmap<br><br>Drove new product lines to enable a new subscription model  | Delivery of the new Catalyst platforms and new innovation across the portfolio<br><br>Continued to influence our acquisition strategy to ensure it aligns to technical strategy<br><br>Drove new & continuing collaborations with key partners | Exceeded financial plan<br><br>Drove significant productivity savings through value engineering |
| Martinez  | Rebuilt the leadership team<br><br>Bringing in new talent to execute on the new strategy   | Introduced new services business model<br><br>Changed partner relationship to be more well balanced to position Cisco to generate greater revenue from our partners<br><br>Drove more customer obsessed model | Transformed more than 50% of leadership team<br><br>Consistent revenue growth while driving the future<br><br>Brought new level expertise that matches recurring revenue strategy and away from hardware                                       | First 3 months of employment was encouraging<br><br>To be assessed in FY19                      |
| Elliot    | Updated talent to those who drive long-term growth<br><br>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<br><br>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.