

CISCO SYSTEMS, INC.

FORM 8-K (Current report filing)

Filed 08/15/00 for the Period Ending 08/08/00

Address	170 WEST TASMAN DR SAN JOSE, CA 95134-1706
Telephone	4085264000
CIK	0000858877
Symbol	CSCO
SIC Code	3576 - Computer Communications Equipment
Industry	Communications Equipment
Sector	Technology
Fiscal Year	07/28

CISCO SYSTEMS INC

FORM 8-K (Unscheduled Material Events)

Filed 8/15/2000 For Period Ending 8/8/2000

Address	170 WEST TASMAN DR SAN JOSE, California 95134-1706
Telephone	408-526-4000
CIK	0000858877
Industry	Communications Equipment
Sector	Technology
Fiscal Year	07/31

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (date of earliest event reported): AUGUST 8, 2000

CISCO SYSTEMS, INC.

(Exact name of registrant as specified in charter)

CALIFORNIA
(State or other jurisdiction
of incorporation)

0-18225
(Commission
File Number)

77-0059951
(IRS Employer
Identification No.)

170 WEST TASMAN DRIVE, SAN JOSE, CALIFORNIA
(Address of principal executive offices)

95134-1706
(Zip Code)

Registrant's telephone number, including area code: (408) 526-4000

ITEM 5. OTHER EVENTS

On August 8, 2000 Cisco Systems, Inc. (the "Registrant") reported its fourth quarter results for the period ending July 29, 2000. A copy of the press release issued by the Registrant on August 8, 2000 concerning the foregoing quarter results is filed herewith as Exhibit 99.1 and is incorporated herein by reference.

On August 8, 2000 Registrant announced the departure of Don Listwin, Executive Vice President of Registrant's Corporate Marketing, Service Provider and Consumer Lines of Business. A copy of the press release issued by the Registrant on August 8, 2000 concerning the foregoing departure is filed herewith as Exhibit 99.2 and is incorporated herein by reference.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CISCO SYSTEMS, INC.

Dated: August 8, 2000

By: /s/ DAN SCHEINMAN

*Dan Scheinman, Senior Vice President,
Legal and Governmental Affairs*

EXHIBIT INDEX

Exhibit Number -----	Description of Document -----
99.1	Press Release of Registrant, dated August 8, 2000, announcing Registrant's release of its fourth quarter results for the period ending July 29, 2000.
99.2	Press Release of Registrant, dated August 8, 2000, announcing the departure of Don Listwin, Vice President of Corporate Marketing, Service Provider and Consumer Lines of Business.

Exhibit 99.1

FINAL

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CISCO SYSTEMS REPORTS FOURTH QUARTER EARNINGS

SAN JOSE, Calif. -- August 8, 2000 -- Cisco Systems, Inc., the worldwide leader in networking for the Internet, today reported its fourth quarter results for the period ending July 29, 2000.

Net sales for the fourth quarter of fiscal 2000 were \$5.72 billion, compared with \$3.56 billion for the same period last year, an increase of 61%. Pro forma net income, which excludes the effects of acquisition charges, payroll tax on stock option exercises, and net gains realized on minority investments, was \$1.20 billion or \$0.16 per share for the fourth quarter of fiscal 2000, compared with pro forma net income of \$710 million or \$0.10 per share for the fourth quarter of fiscal 1999, increases of 69% and 60%, respectively.

During the fourth quarter of fiscal 2000, Cisco completed the acquisitions of Atlantech Technologies, Ltd., JetCell, Inc., PentaCom Ltd., Qeyton Systems, and Seagull Semiconductor, Ltd. for a combined purchase price, including assumed liabilities, of approximately \$1.39 billion and took one-time charges of \$461 million, or approximately \$0.06 per share on an after-tax basis, as write-offs of purchased in-process R&D. Additionally, Cisco completed the acquisitions of ArrowPoint Communications, Inc., InfoGear Technology Corp., and SightPath, Inc. which were accounted for as poolings of interests.

Actual net income for the fourth quarter of fiscal 2000 was \$796 million or \$0.11 per share, compared with \$605 million or \$0.08 per share for the same period last year.

Net sales for fiscal 2000 were \$18.93 billion, compared with \$12.17 billion for fiscal 1999, an increase of 55%. Pro forma net income was \$3.91 billion or \$0.53 per share for fiscal 2000, compared with pro forma net income of \$2.52 billion or \$0.36 per share for fiscal 1999, increases of 56% and 47%, respectively.

Actual net income for fiscal 2000 was \$2.67 billion or \$0.36 per share, compared with \$2.02 billion or \$0.29 per share for fiscal 1999.

The net income per share and number of shares used in the per-share calculation for all periods presented reflect the two-for-one stock split that was effective March 22, 2000.

"We predicted five years ago that we were in the midst of a second Industrial Revolution that would determine the prosperity of companies, countries, and individuals. Today, the Internet continues to drive the strongest U.S. economy in history," said John Chambers, president and CEO of Cisco Systems. "The second Industrial Revolution is just beginning and businesses and governments are turning to Cisco, the Internet expert, to assist them in transforming their companies and countries. We were very pleased with the balance of our business across all key geographies, products, and lines of business."

In the service provider marketplace, Cisco continued to advance its strategy for New World integrated data, voice, and video networks and made progress in each of its key areas including optical networking, wireless solutions, and voice-transition technology. In the optical market, Cisco expanded its portfolio of Internet-scale, carrier-class solutions by announcing the acquisition of Qeyton Systems, a developer of metropolitan dense wave division multiplexing (MDWDM) technology. Increasing its broadband offering, Cisco announced its intent to acquire IPmobile to help service providers build the next-generation IP-based wireless infrastructure known as "3G" to create a broad array of new and innovative wireless data and voice services. Underscoring Cisco's strategy to provide service providers with a smooth transition path to New World networks, Cisco announced its intent to acquire Komodo Technology, Inc. and HyNEX, Ltd. Komodo's voice-over-IP (VoIP) devices allow analog telephones to place calls over IP-based networks. HyNEX's products strengthen Cisco's solution in international markets by accelerating the deployment of IP+ATM networks to enable service providers to deliver an expanded range of data, voice, and video services.

In the enterprise market, Cisco strengthened its storage area networking strategy by entering into a technology agreement with Brocade Communication Systems and announcing its intent to acquire NuSpeed Internet Systems. Both transactions will enable companies to store, retrieve, and back-up data more efficiently by seamlessly interconnecting storage area networks over a single IP-based infrastructure. Cisco also introduced a range of gigabit and 10-gigabit solutions for its Catalyst(R) 6000, 4000, and 2900 series XL switching families to deliver gigabit bandwidth and intelligent network services across traditional enterprises and service provider environments. Cisco also expanded its

portfolio of content networking solutions by announcing its intent to acquire Netiverse, Inc., a leading provider of content acceleration technology that enhances the performance and functionality of networking devices.

In the small and medium-sized business market, Cisco joined with GE Industrial Systems to form a new company, GE Cisco Industrial Networks, to help small and medium-sized businesses increase factory-to-office communications through Internet-based solutions. GE Cisco Industrial Networks will assess, design, and build network infrastructures for manufacturing plant floor and industrial environments that will enable company-wide Internet-based communication.

"We see no indications in the marketplace that the radical Internet business transformation in practices like customer service, supply-chain management, employee training, empowerment, and e-commerce that is taking place around the world today is slowing -- in fact, we believe it is accelerating globally. We would like to thank our shareholders, customers, employees, partners, and suppliers for their continued commitment and confidence in our ability to execute in the future as we have in the past," concluded Chambers.

ABOUT CISCO SYSTEMS

Cisco Systems, Inc., (NASDAQ: CSCO) is the worldwide leader in networking for the Internet. News and information are available at www.cisco.com.

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This release may contain projections or other forward-looking statements regarding future events or the future financial performance of the Company that involve risks and uncertainties. Readers are cautioned that these forward-looking statements are only predictions and may differ materially from actual future events or results. Readers are referred to the documents filed by Cisco with the SEC, specifically the most recent reports on Form 10-K, 8-K, and 10-Q, including amendments thereto, which identify important risk factors that could cause actual results to differ from those contained in the forward-looking statements, including risks associated with acquisition strategy, dependence on new product offerings, competition, patents, intellectual property and licensing, future growth, rapid technological and market change, manufacturing and sourcing risks, Internet infrastructure and regulation, international operations, volatility of stock price, financial risk management, and potential volatility in operating results, among others.

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Cisco Systems, Inc.

PRO FORMA CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS EXCLUDING IPR&D, PAYROLL TAX ON STOCK OPTION EXERCISES, ACQUISITION-RELATED COSTS, AMORTIZATION OF GOODWILL AND INTANGIBLE ASSETS, AND NET GAINS REALIZED ON MINORITY INVESTMENTS

(In millions, except per-share amounts)

	Quarters Ended		Fiscal Years Ended	
	July 29, 2000 (Unaudited)	July 31, 1999 (Unaudited)	July 29, 2000	July 31, 1999
Net sales	\$5,720	\$3,558	\$18,928	\$12,173
Cost of sales	2,058	1,261	6,746	4,259
Gross margin	3,662	2,297	12,182	7,914
Operating expenses:				
Research and development	825	509	2,685	1,663
Sales and marketing	1,142	709	3,917	2,465
General and administrative	180	110	568	365
Total operating expenses	2,147	1,328	7,170	4,493
Operating income	1,515	969	5,012	3,421
Interest and other income, net	197	93	577	330
Income before provision for income taxes	1,712	1,062	5,589	3,751
Provision for income taxes	514	352	1,675	1,234
Net income	\$1,198	\$ 710	\$ 3,914	\$ 2,517
Net income per share--basic	\$.17	\$.10	\$.57	\$.38
Net income per share--diluted	\$.16	\$.10	\$.53	\$.36
Shares used in per-share calculation--basic	7,042	6,765	6,917	6,646
Shares used in per-share calculation--diluted	7,556	7,201	7,438	7,062

PRO FORMA ONLY

The above pro forma amounts for the quarter ended July 29, 2000 have been adjusted to eliminate the \$461 million write-off of purchased in-process R&D, \$26 million of payroll tax on stock option exercises, \$37 million of acquisition related costs, \$169 million of amortization of goodwill and purchased intangible assets, and \$344 million of net gains realized on minority investments, net of related tax of \$53 million.

The above pro forma amounts for fiscal 2000 have been adjusted to eliminate the \$1.37 billion write-off of purchased in-process R&D, \$51 million of payroll tax on stock option exercises, \$62 million of acquisition-related costs, \$291 million of amortization of goodwill and purchased intangible assets, and \$531 million of net gains realized on minority investments, net of related tax of \$0 million.

The above pro forma amounts for the quarter and year ended July 31, 1999 have been adjusted to eliminate the \$81 and \$471 million write-off of purchased in-process R&D, \$16 and \$16 million of acquisition-related costs, \$19 and \$61 million of amortization of goodwill and purchased intangible assets, net of related tax benefits of \$11 and \$54 million, respectively.

All historical financial information has been restated to reflect the acquisitions of StratumOne Communications, Inc. and TransMedia Communications, Inc. in the first quarter of fiscal 2000 and Cerent Corporation and WebLine Communications Corporation in the second quarter of fiscal 2000, and ArrowPoint Communications, Inc., InfoGear Technology, Corp., and SightPath, Inc. in the fourth quarter of fiscal 2000 which were accounted for as poolings of interests. In addition, the historical financial information has been restated to reflect the acquisition of Fibex Systems which was completed in the fourth quarter of fiscal 1999 and accounted for as a pooling of interests.

The net income per share and number of shares used in the per-share calculation for all periods presented reflect the two-for-one stock split effective March 22, 2000.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In millions, except per-share amounts)

	Quarters Ended		Fiscal Years Ended	
	July 29, 2000 (Unaudited)	July 31, 1999 (Unaudited)	July 29, 2000	July 31, 1999
Net sales	\$5,720	\$3,558	\$18,928	\$12,173
Cost of sales	2,058	1,261	6,746	4,259
Gross margin	3,662	2,297	12,182	7,914
Operating expenses:				
Research and development	825	509	2,685	1,663
Sales and marketing	1,142	709	3,917	2,465
General and administrative	217	126	630	381
Payroll tax on stock option exercises	26	--	51	--
Amortization of goodwill and purchased intangible assets	169	19	291	61
Purchased in-process R&D	461	81	1,373	471
Total operating expenses	2,840	1,444	8,947	5,041
Operating income	822	853	3,235	2,873
Net gains realized on minority investments	344	--	531	--
Interest and other income, net	197	93	577	330
Income before provision for income taxes	1,363	946	4,343	3,203
Provision for income taxes	567	341	1,675	1,180
Net income	\$ 796	\$ 605	\$ 2,668	\$ 2,023
Net income per share--basic	\$.11	\$.09	\$.39	\$.30
Net income per share--diluted	\$.11	\$.08	\$.36	\$.29
Shares used in per-share calculation--basic	7,042	6,765	6,917	6,646
Shares used in per-share calculation--diluted	7,556	7,201	7,438	7,062

All historical financial information has been restated to reflect the acquisitions of StratumOne Communications, Inc. and TransMedia Communications, Inc. in

the first quarter of fiscal 2000 and Cerent Corporation and WebLine Communications Corporation in the second quarter of fiscal 2000, and ArrowPoint Communications, Inc., InfoGear Technology, Corp., and SightPath, Inc. in the fourth quarter of fiscal 2000, which were accounted for as poolings of interests. In addition, the historical financial information has been restated to reflect the acquisition of Fibex Systems which was completed in the fourth quarter of fiscal 1999 and accounted for as a pooling of interests. The net income per share and number of shares used in the per-share calculation for all periods presented reflect the two-for-one stock split effective March 22, 2000.

Cisco Systems, Inc.

CONDENSED CONSOLIDATED BALANCE SHEETS

(In millions)

	July 29, 2000 -----	July 31, 1999 -----
Assets		
Current assets:		
Cash and short-term investments	\$ 5,525	\$ 2,102
Accounts receivable, net	2,299	1,250
Inventories, net	1,232	658
Deferred tax assets	1,091	580
Prepaid expenses and other current assets	963	171
	-----	-----
Total current assets	\$11,110	\$ 4,761
Investments	13,688	7,032
Restricted investments	1,286	1,080
Property and equipment, net	1,426	825
Other assets	5,360	1,195
	-----	-----
Total assets	\$32,870 =====	\$14,893 =====
Liabilities and shareholders' equity		
Current liabilities:		
Accounts payable and other accrued expenses	\$ 4,963	\$ 2,408
Income taxes payable	233	630
	-----	-----
Total current liabilities	5,196	3,038
Deferred tax liabilities	1,132	--
Minority interest	45	44
Shareholders' equity	26,497	11,811
	-----	-----
Total liabilities and shareholders' equity	\$32,870 =====	\$14,893 =====

All historical financial information has been restated to reflect the acquisitions of StratumOne Communications, Inc. and TransMedia Communications, Inc. in the first quarter of fiscal 2000, and Cerent Corporation and WebLine Communications Corporation in the second quarter of fiscal 2000, and ArrowPoint Communications, Inc., InfoGear Technology, Corp., and SightPath, Inc. in the fourth quarter of fiscal 2000 which were accounted for as poolings of interests.

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CISCO SYSTEMS, INC. ANNOUNCES DEPARTURE OF DON LISTWIN

Executive Vice President of Corporate Marketing, Service Provider and Consumer Lines of Business Departs Cisco

SAN JOSE, Calif. - August 8, 2000 - Cisco Systems, Inc. the worldwide leader in networking for the Internet, today announced the departure of Don Listwin, Executive Vice President of Cisco's corporate marketing, Service Provider and Consumer Lines of Business. Listwin is leaving to become the CEO of a Cisco ecosystem partner in which Cisco holds a minority investment.

"Throughout his career at Cisco, Don has demonstrated vision, leadership and passion," said John Chambers, President and CEO of Cisco Systems. "He has a proven record of success helping lead Cisco into new markets and establishing the importance of open, standards-based Internet solutions for our customers. I am very sorry to see him leave Cisco. I want to thank Don for his contributions, friendship and wish him continued success especially in driving up the stock price of our investment."

Cisco has built a world class management team focused on the customer, execution and delivering results. The company has third, fourth and fifth generation leaders in key positions who are viewed as world class thought leaders within their individual areas of expertise and the industry as a whole.

As an example of the close working relationship Cisco will continue to have with Don, Kevin Kennedy, senior vice president, Service Provider Line of Business, intends to assume a seat on the board of directors of Don's company.

"This really demonstrates the value of an ecosystem," said Chambers. "Don will continue to work with Cisco to drive solutions for the industry built around open, standards-based technology. Once again, we wish Don continued success in his new endeavor."

ABOUT CISCO SYSTEMS

Cisco Systems, Inc., (NASDAQ: CSCO) is the worldwide leader in networking for the Internet. News and information are available at www.cisco.com.

End of Filing

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