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Conversations

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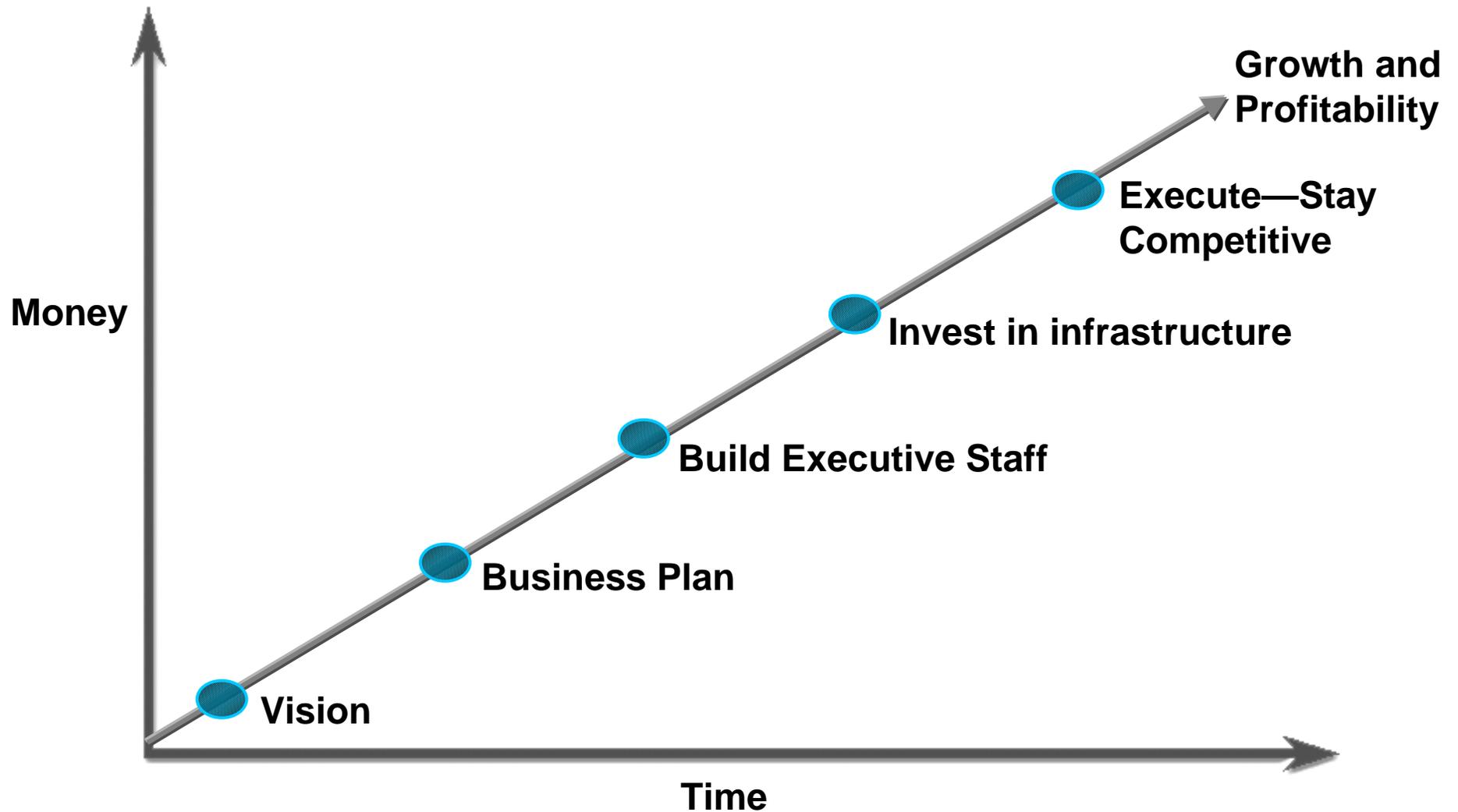
New World Financing: Partnerships in Building a Business, Cisco Capital

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Cisco Capital

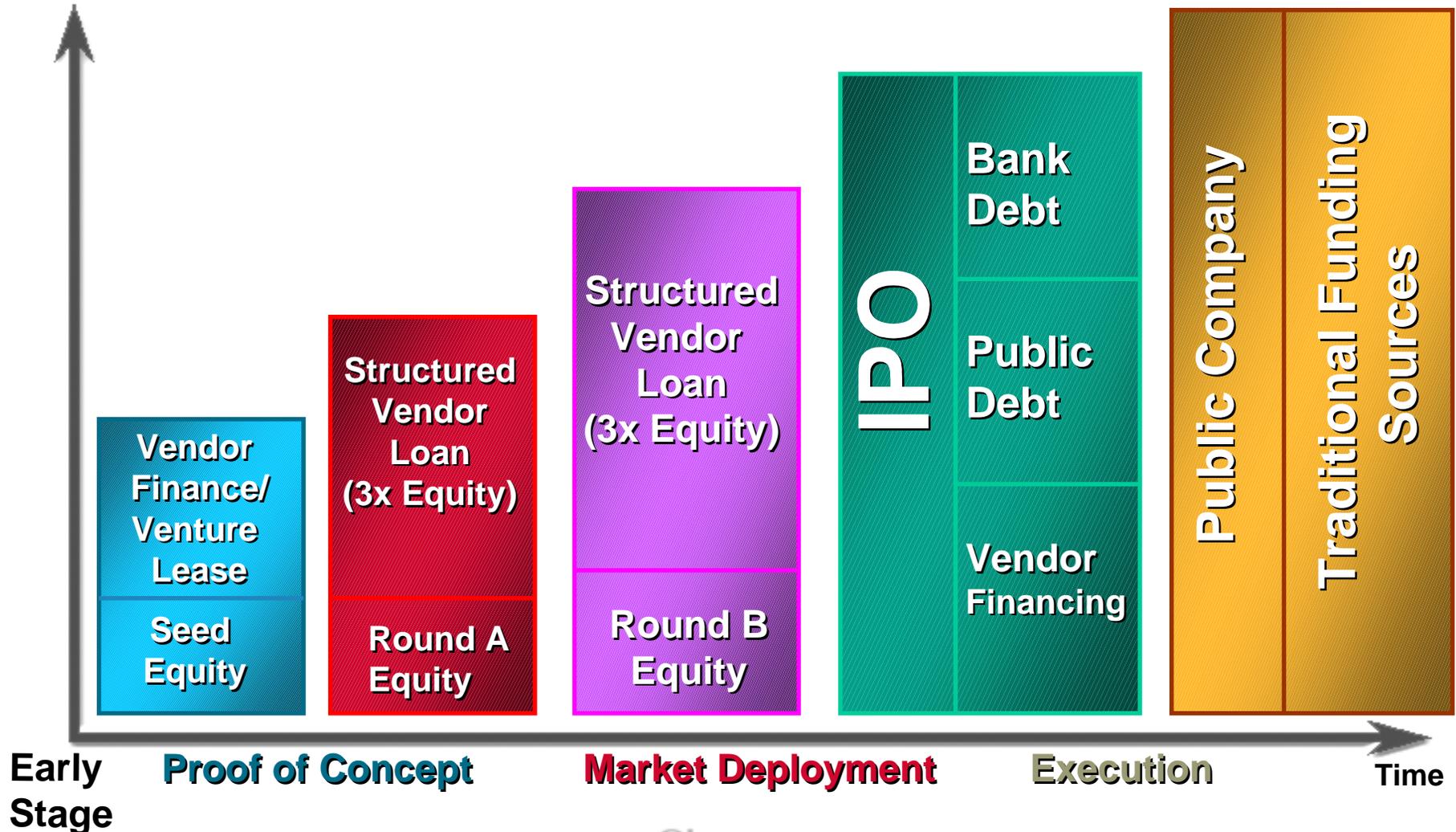


Service Provider Business Evolution



Evolving Capital Structure

Available
Capital(\$\$)



Evolving Capital Structure

Available
Capital(\$\$)

Vendor
Finance/
Venture
Lease

Seed
Equity

Early
Stage

Time

Venture Lease

- **\$1 million to \$5 million credit line**
- **Tenor up to 36 months**
- **Funding of non-competitive equipment up to 10% of Cisco solution**
- **Funding of soft costs up to 20% of Cisco solution**
- **Warrants equal to 5% of fully diluted equity**
- **Financial covenants must be maintained**

Venture Lease

CASE STUDY

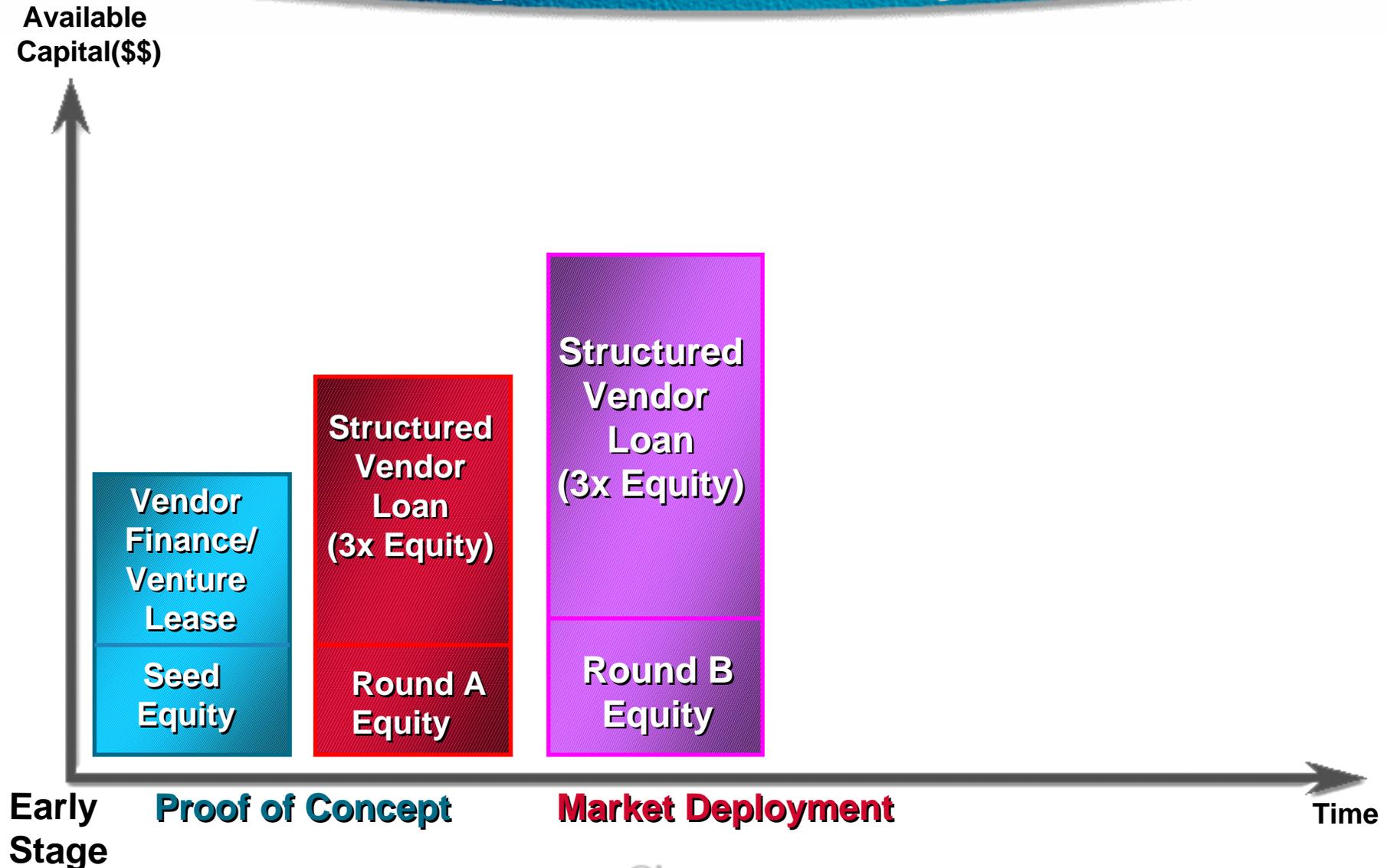
Customer Challenge:

A internet service provider needed a way to leverage Round “A” VC into credit line to build-out the initial phase of the network.

Cisco Solution:

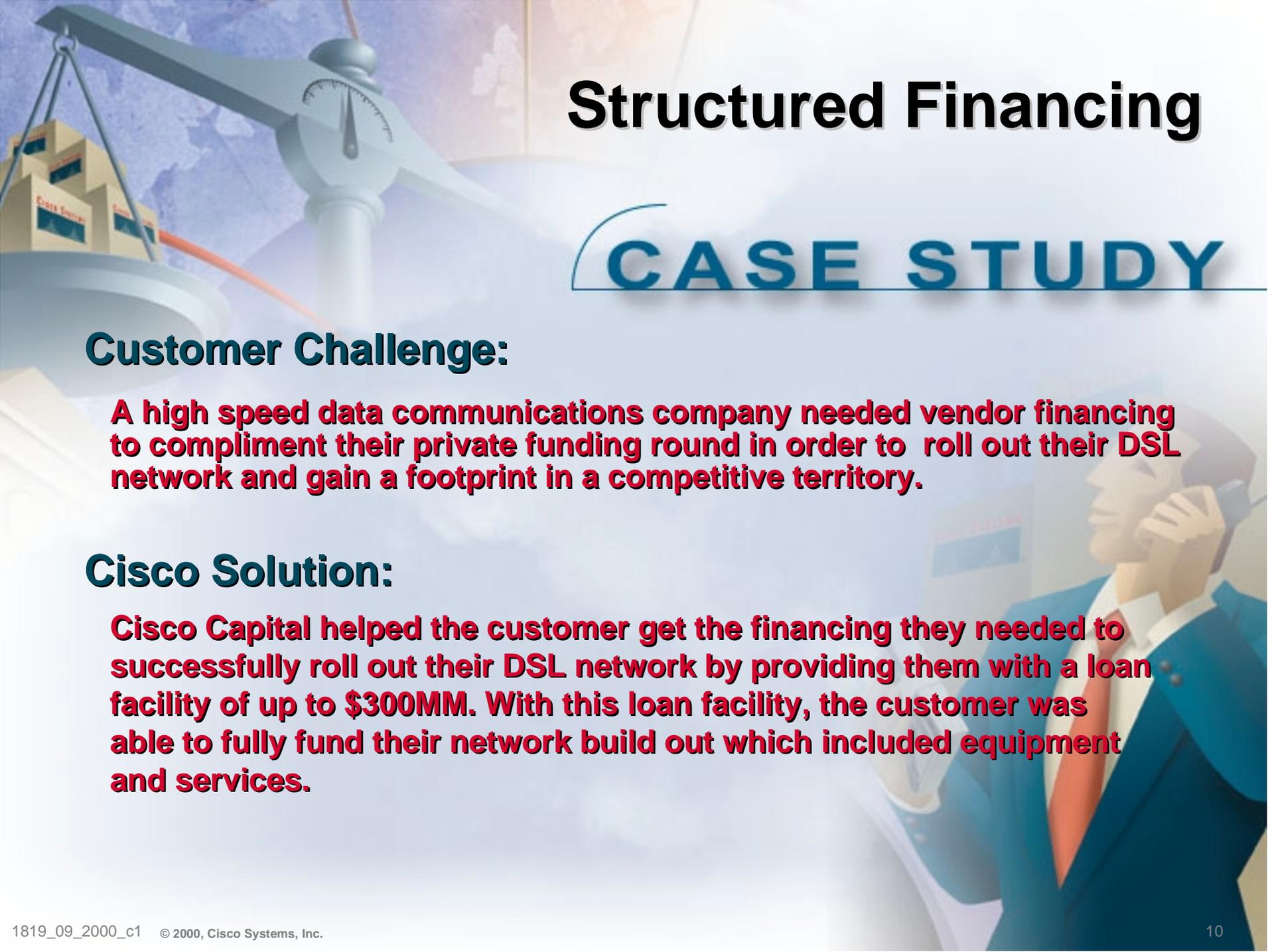
Cisco offered venture lease option based on the the strength of the business plan, management team, VC Partners and amount of equity raised. With a \$5MM credit line, the customer was able to get the first mover advantage in its marketplace.

Capital Structure— Corporate Life Cycle



Structured Financing

- **Amount in excess of \$25 million**
- **Average term of 5 years**
- **Funding of 100% of Cisco network hardware**
- **Funding of soft costs up to 25% of Cisco network hardware**
- **Possible working capital component tied to warrant participation**
- **Financial covenants must be maintained**



Structured Financing

CASE STUDY

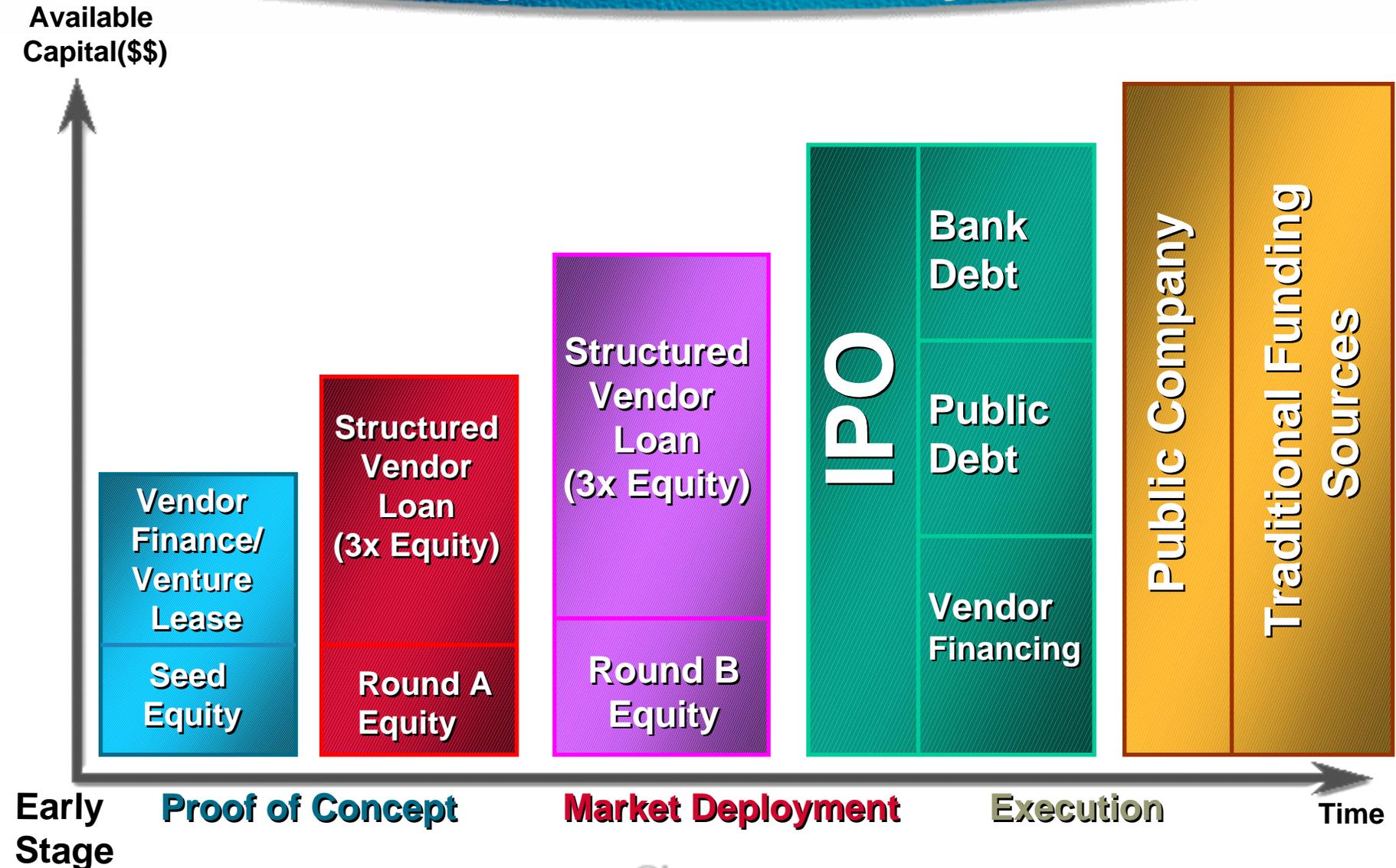
Customer Challenge:

A high speed data communications company needed vendor financing to compliment their private funding round in order to roll out their DSL network and gain a footprint in a competitive territory.

Cisco Solution:

Cisco Capital helped the customer get the financing they needed to successfully roll out their DSL network by providing them with a loan facility of up to \$300MM. With this loan facility, the customer was able to fully fund their network build out which included equipment and services.

Capital Structure— Corporate Life Cycle



Traditional Leases

- **Operating leases with end of lease options to:**
 - OFF Balance Sheet financing**
 - Purchase, renew, return**
 - Up to 36 month terms**
 - Technology migration option**
- **Finance leases with the option to:**
 - Purchase the equipment at 10% or**
 - Purchase the equipment for \$1.00**

Technology Migration Lease

CASE STUDY

Customer Challenge:

A cable service provider needed financing to help grow and expand their business. The issue was that no company would provide them financing based on their credit rating.

Cisco Solution:

Timely access to capital, flexibility, low monthly payments and protection against technological obsolescence.

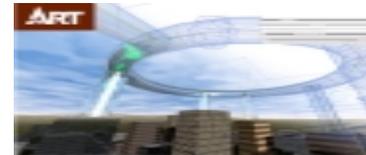
Cisco Capital provided an initial line of credit for \$1MM, while the customer continued to make on-time payments and continued to execute. Eventually, Cisco raised their credit line to \$75MM and incorporated a Tech Migration option into their FMV lease that allowed them to upgrade to the latest technology to stay competitive and expand their business.

Why Cisco Capital Financing?

- **Cisco Capital understands your business**
- **Total financing—hardware, soft costs, working capital**
- **Flexibility to customize deals**
- **Up to 150% financing**
- **Aggressive credit appetite**



Portfolio of Customers



Top 100

Volume 100

The Top 100 Companies Ranked by New Business Volume

Captive Rank	Overall Rank, 1999	Company	New Bus Vol., Captive Segment	Est.	No. of Employees
1	3	IBM Global Financing	17,679.0	1981	2868
2	5	John Deere Credit	6,976.8	1950	1451
3	8	Navistar Financial	5,994.6	1950	399
4	6	Caterpillar Financial	5,837.2	1981	928
5	11	CNH Capital	5,596.3	1998	918
6	12	Cisco Capital	4000.0*	1997	72
7	13	Hewlett-Packard Tech Finance	3,415.0	1978	1397
8	17	Xerox Credit	2,911.0	1975	3
9	—	Mercedes Benz Credit	2,513.9	1974	285
10	—	Cisco Capital	2000.0**	1997	72
11	26	Paccar Financial	1,758.2	1961	296
12	25	IOS Capital	1,315.6	1952	319
13	-	Compaq Financial Services	1,289.0	1997	536
14	51	Volvo Commercial Finance	1,186.5		280
15	32	Pitney Bowes Credit	821.4	1980	603
16	60	Siemens Credit	699.4	1983	106
17	78	Canon Financial Services	310.0	1955	134

*= with Channel Financing

**=without Channel Financing

Financing Is a Click Away!

www.cisco.com/go/financingprograms

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