



I want to personally share important updates to Cisco's pricing policies that we are communicating this week, driven by ongoing demand in the global memory semiconductor market. We value our close partnership with you and want to ensure you have clear context as we work together to support our shared customers.

The global IT sector continues to navigate significant supply constraints and escalating costs, largely driven by the rapid growth in AI-driven demand. Industry-wide, requirements for memory and storage have outpaced production capacity, resulting in extended lead times, constrained supply, and rising costs. This is a global challenge impacting the broader server and infrastructure ecosystem, and Cisco is taking disciplined steps to navigate these conditions responsibly.

To address this environment, we are updating our pricing policies to better reflect current market realities. We regularly review our pricing strategy to ensure alignment with these dynamics, while maintaining our commitment to delivering the innovation, reliability, and value that you and our customers expect from Cisco. Transparency remains central to how we communicate and partner through this change.

As part of this update, the following policy changes will be communicated and effective immediately:

- **Compute order cancellations:** Given the market volatility around supply, cost, and pricing of critical components, Cisco has the right to cancel Compute orders up to 45 days before shipment. This is consistent with the cancellation rights that Cisco provides to our partners today.
- **Compute price adjustments:** Cisco reserves the right to adjust pricing on Compute orders in the event of significant increases in component costs, manufacturing costs, tariffs, exchange rate fluctuations, or other

external factors beyond Cisco's control that may occur between the order date and the shipment date.

- Cisco plans to change our Quote Price Protection period and we will work with our Partners and Distributors to operationalize.

Formal notifications and supporting resources will be shared through our standard processes to help your team's plan effectively and engage confidently with customers. Our goal is to ensure you have the clarity, tools, and support needed to help customers navigate these updates thoughtfully and without disruption.

We deeply appreciate your continued partnership, leadership, and focus on our shared customers. We remain committed to working closely with you to ensure long-term success for your business and for the customers we serve together.

Thank you for your continued trust and partnership.

Tim Coogan  
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