

Figure 1

Table 1: Productivity Growth Rates
% change vs. previous quarter, at annual rate

	All Nonfarm	Manufacturing
1990	1.1	2.7
1991	1.2	2.2
1992	3.7	5.3
1993	0.5	2
1994	1.3	3.2
1995	0.9	3.9
1996	2.5	3.5
1997	1.8	3.9
1998	2.6	5.4
1999	2.9	6.2

Source: US Bureau of Labor Statistics

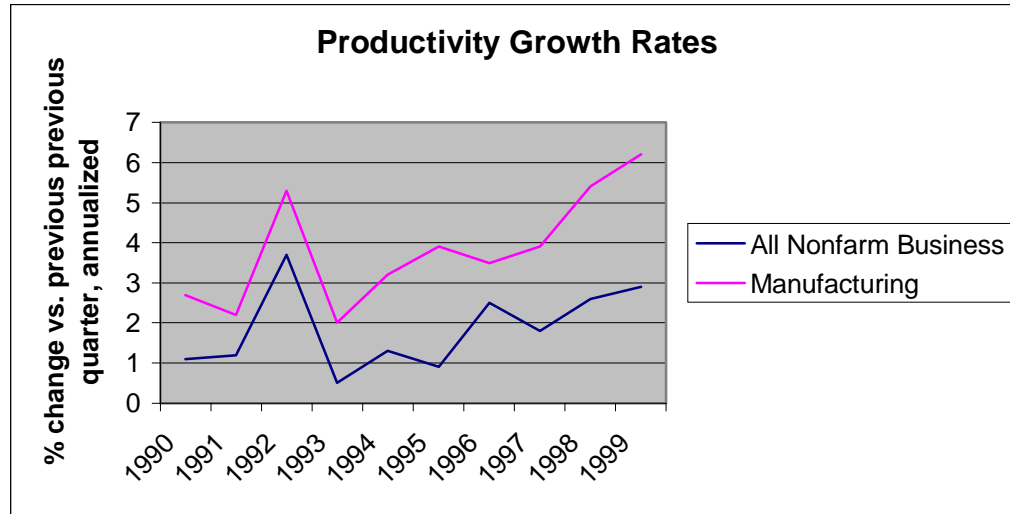


Table 1

Table 1: Cisco cost savings from Internet-based efforts, 1994-1999

Category	Cumulative Savings, \$ million	
Customer Care	269	
Internet Commerce	57	
Supply Chain Management	444	
Workforce Optimization	55	825
Total Cost savings	825	
Cisco 1999 revenue	12200	11991.28
Cost savings as % of rev	6.762295	

Source: Internal Cisco estimates, published on a CD-ROM entitled Internet 101: Roadmaps for Success in the Internet Economy.

Table 2

table 2: Estimates of cumulative internal savings from Internet-based efforts across US mfg. Firms, 1999-2004							
A	B	C	D	E	F	G	
Cisco % saved	Cisco anchor	Mean savings	St. dev. Of	Truncated	Projected	Estimated cumulative manufacturing savings, in billions of 1999 US \$	
6.76	75%	4.05	2.12	3.95	2126.80	84.01	
6.76	90%	3.38	1.71	3.39	2126.80	72.10	
6.76	95%	2.23	1.95	2.18	2126.80	46.36	
6.76	99%	2.23	1.61	2.25	2126.80	47.85	
A	Percentage of Cisco's 1999 revenue saved by the company's Internet efforts, 1994-1999*						
B	Estimated percentage of firms that will, from 1999-2004, save a lower percentage of revenue than Cisco from 1994-1999 from Internet efforts						
C	Estimated mean level, across all US mfg. Firms, of 2004 revenue saved by 1999-2004 Internet efforts						
D	Standard deviation of percentage 2004 revenue saved by 1999-2004 Internet efforts, assuming a log normal distribution with mean C and upper bound defined by A and B.						
E	Mean of log normal distribution with mean C and standard deviation B, truncated to have lower bound 0 and upper bound 10**						
F	In 1999 dollars, assuming 4.33 %*** yearly GDP growth from 1999-2004 and manufacturing constant at its 1997 level of 18.5% of GDP						
G	E*F/100						

	95	99						
sales	2.2	12.2						
employees	2.4	21						
	0.91666667	0.580952381						
	97	98	99	0	1	2	3	4
growth rate				1.04333	1.04333	1.04333	1.04333	1.04333
GDP (1999 dollars)			9299.2	9702.134336	10122.52782	10561.137	11018.751	11496.193
Manufacturing GDP			1720.352	1794.894852	1872.667646	1953.8103	2038.4689	2126.7958

table 2: Estimates of cumulative internal savings from Internet-based efforts across US mfg. Firms, 1999-2004

A	B	C	D	E	F	G
Cisco % savings, 1994-1999	Cisco anchor	Mean savings level, 1999-2004	St. dev. Of savings	Truncated mean savings, 1999-2004	Projected 2004 mfg. GDP, \$ billion	Estimated cumulative manufacturing savings, in billions of 1999 US \$
6.88	75%	4	2.12	3.97	2126.80	84.43
6.88	90%	3.44	1.71	3.38	2126.80	71.89
6.88	95%	2.29	1.95	2.19	2126.80	46.58
6.88	99%	2.29	1.61	2.25	2126.80	47.85

- A Percentage of Cisco's 1999 revenue saved by the company's Internet efforts, 1994-1999*
- B Estimated percentage of firms that will, from 1999-2004, save a lower percentage of revenue than Cisco from 1994-1999 from Internet efforts
- C Estimated mean level, across all US mfg. Firms, of 2004 revenue saved by 1999-2004 Internet efforts
- D Standard deviation of percentage 2004 revenue saved by 1999-2004 Internet efforts, assuming a log normal distribution with mean C and upper bound defined by A and B.
- E Mean of log normal distribution with mean C and standard deviation B, truncated to have lower bound 0 and upper bound 10**
- F In 1999 dollars, assuming 4.33 %*** yearly GDP growth from 1999-2004 and manufacturing constant at its 1997 level of 18.5% of GDP
- G E*F/100

* Source: Internal Cisco estimates, published on a CD-ROM entitled Internet 101: Roadmaps for Success in the Internet Economy.

** Upper bound: US mfg firms are assumed to be unable to realize Internet-based savings greater than 10% of revenue, given that Cisco was able to achieve only 6.88%.

*** The average of real US GDP growth from 1997-1999 (Source: US BEA)