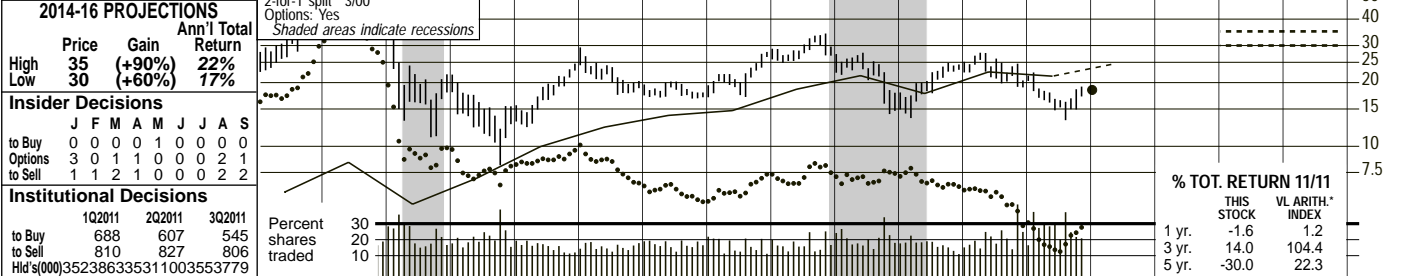


TIMELINESS 3 Raised 11/18/11	High: 82.0 44.5 21.8 24.6 29.4 20.3 28.0 34.2 27.7 24.8 27.7 22.3	Target Price Range 2014 2015 2016
SAFETY 1 Raised 12/26/08	Low: 35.2 11.0 8.1 12.3 17.5 16.8 17.1 24.8 14.2 13.6 19.0 13.3	
TECHNICAL 2 Raised 12/23/11		
BETA 1.00 (1.00 = Market)		



1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	© VALUE LINE PUB. LLC	14-16
.40	.70	1.07	1.35	1.86	2.65	3.04	2.59	2.70	3.31	3.95	4.70	5.73	6.71	6.24	7.08	7.95	8.50	Revenues per sh ^A	9.45
.11	.18	.27	.35	.47	.65	.41	.54	.77	.95	1.08	1.13	1.43	1.66	1.37	1.73	1.65	1.85	"Cash Flow" per sh	2.35
.10	.15	.23	.29	.38	.53	.26	.39	.59	.76	.87	.89	1.17	1.31	1.05	1.33	1.17	1.45	Earnings per sh ^B	1.85
--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	.12	.32	Div'ds Decl'd per sh	.40
.02	.05	.05	.07	.09	.15	.31	.36	.10	.09	.11	.13	.21	.22	.17	.18	.22	.20	Cap'l Spending per sh	.20
.28	.48	.71	1.14	1.79	3.71	3.70	3.92	4.01	3.88	3.69	3.95	5.16	5.83	6.68	7.83	8.69	9.45	Book Value per sh	10.75
4900.4	5843.6	6037.0	6250.3	6542.0	7138.0	7324.0	7303.0	6998.0	6650.4	6274.7	6059.0	6100.0	5893.0	5785.0	5655.0	5435.0	5400.0	Common Shs Outst'g ^C	5600.0
20.7	31.7	30.4	37.1	62.2	99.7	NMF	42.4	24.3	29.6	21.6	21.3	22.0	20.6	17.7	17.9	16.5		Avg Ann'l P/E Ratio	17.0
1.39	1.99	1.75	1.93	3.55	6.48	NMF	2.32	1.39	1.56	1.15	1.15	1.17	1.24	1.18	1.14	1.03		Relative P/E Ratio	1.15
--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	.6%		Avg Ann'l Div'd Yield	1.4%

CAPITAL STRUCTURE as of 10/29/11				22293	18915	18878	22045	24801	28484	34922	39540	36117	40040	43218	45800	Revenues (\$mill) ^A	53000
				19.6%	23.4%	34.3%	35.2%	34.0%	29.1%	28.7%	28.3%	25.2%	28.0%	23.5%	23.0%	Operating Margin	25.5%
Total Debt \$16.9 bill. Due in 5 years \$3.1 bill.				1026.0	1082.0	1069.0	957.0	1009.0	1293.0	1413.0	1744.0	1768.0	2030.0	2486.0	2000	Depreciation (\$mill)	2650
LT Debt \$16.3 bill. LT Interest \$625 mill. (26% of Cap'l)				1970.0	2873.0	4287.0	5337.0	5741.0	5580.0	7333.0	8052.0	6134.0	7767.0	6490.0	7830	Net Profit (\$mill)	10400
Leases, Uncapitalized Annual rentals \$345 mill.				28.0%	28.0%	28.0%	28.0%	28.6%	26.9%	22.5%	21.5%	20.3%	17.5%	17.1%	17.0%	Income Tax Rate	22.0%
				8.8%	15.2%	22.7%	24.2%	23.1%	19.6%	21.0%	20.4%	17.0%	19.4%	15.0%	17.1%	Net Profit Margin	19.6%
No Defined Benefit Pension Plan				4739.0	9058.0	5121.0	5640.0	3520.0	14363	18216	21841	30522	32188	39725	45500	Working Cap'l (\$mill)	47550
Pfd Stock None				--	--	--	--	--	6332.0	6408.0	6393.0	10295	12188	16234	16170	Long-Term Debt (\$mill)	12200
				27120	28656	28029	25826	23174	23912	31480	34353	38647	44267	47226	51050	Shr. Equity (\$mill)	60165
Common Stock 5,375,863,983 shs.				7.3%	10.0%	15.3%	20.7%	24.8%	18.7%	19.9%	20.2%	12.9%	14.3%	10.7%	12.0%	Return on Total Cap'l	15.0%
as of 11/15/11				7.3%	10.0%	15.3%	20.7%	24.8%	23.3%	23.3%	23.4%	15.9%	17.5%	13.7%	15.5%	Return on Shr. Equity	17.5%
MARKET CAP: \$99 billion (Large Cap)				7.3%	10.0%	15.3%	20.7%	24.8%	23.3%	23.3%	23.4%	15.9%	17.5%	12.3%	11.5%	Retained to Com Eq	13.5%
CURRENT POSITION				--	--	--	--	--	--	--	--	--	--	10%	25%	All Div'ds to Net Prof	22%
2010																	
2011																	
10/29/11																	

BUSINESS: Cisco Systems, Inc. is a leading provider of Internet Protocol-based networking and other products for transporting data, voice, and video across geographically dispersed local-area networks, metropolitan-area networks, and wide-area networks. Devices are primarily integrated by Cisco IOS Software and include Routers, Switches, New Products, and Other. Provides services associated with these products. Foreign business accounted for 45.7% of 2010 revenues. R&D, 13.2% of revenues. Has about 66,129 employees. Officers/Directors hold less than 1.0% of stock. (9/11 proxy). Chairman & CEO: John T. Chambers. Incorporated: California. Address: 170 W. Tasman Drive, San Jose, CA 95134-1706. Telephone: 408-526-4000. Web: www.cisco.com.

Other	15242	16042	15964
Current Liab.	19233	17506	17461

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd to '14-'16
Revenues	11.0%	12.0%	6.5%
"Cash Flow"	12.0%	8.5%	6.5%
Earnings	12.0%	7.0%	7.5%
Dividends	--	--	Nil
Book Value	9.5%	15.0%	6.0%

Fiscal Year Ends	QUARTERLY REVENUES (\$ mil.) ^A				Full Fiscal Year
	Oct.Per	Jan.Per	Apr.Per	Jul.Per	
2008	9554	9831	9791	10364	39540
2009	10331	9089	8162	8535	36117
2010	9021	9815	10368	10836	40040
2011	10750	10407	10866	11194	43218
2012	11256	11200	11500	11844	45800

Fiscal Year Ends	EARNINGS PER SHARE ^{AB}				Full Fiscal Year
	Oct.Per	Jan.Per	Apr.Per	Jul.Per	
2008	.35	.33	.29	.34	1.31
2009	.37	.26	.23	.19	1.05
2010	.30	.32	.37	.34	1.33
2011	.34	.27	.35	.22	1.17
2012	.33	.35	.37	.40	1.45

Cal-endar	QUARTERLY DIVIDENDS PAID ^E				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2007	--	--	--	--	--
2008	--	--	--	--	--
2009	--	--	--	--	--
2010	--	--	--	--	--
2011	.06	--	.06	.06	--

Cisco Systems is gaining traction in its turnaround efforts. The company has made significant progress rightsizing its business since early April, when CEO John Chambers admitted that its operational execution needed to be streamlined. Business divestitures and downsizing, headcount reductions, an early retirement program, a more concentrated management hierarchy, and a more efficient product approval process have all contributed to the much-needed stabilization of its core operations during the October period.

Demand improvement has been broad-based. First-quarter orders in the Americas, Europe, and Asia all rose in the low teens. Further, bookings from enterprises, commercial, and service providers were up 11%, 12% and 16%, respectively. The surprising result was public sector orders, which advanced 10%, as solid demand from federal defense, state governments, and higher education institutions was enough to offset weakness from local governments and K-12 customers.

Near-term visibility has improved. Management expects revenues to rise 7% to 8% year over year in the January

quarter. This narrow guidance range reflects a stronger backlog and decent customer demand commentary. This outlook may prove conservative since Cisco is facing relatively easy fiscal second-quarter comparisons.

The company is taking steps to combat margin erosion. The lower-margined Unified Computing System may well hinder profitability as it makes up a greater portion of the product mix. Meanwhile, sales of highly profitable premium routers are being cannibalized by certain lower-cost switches into which Cisco is incorporating more routing functionality in an attempt to fend off low-priced competitors. The company is also making a big push into China where it is engaging in an aggressive price war with Huawei. In order to offset these trends, CSCO is stepping up its "value engineering" efforts and is working with its sales team to more effectively respond to low-priced wares of competitors.

These neutrally ranked shares offer solid risk-adjusted total return potential out to mid-decade.

Kevin Downing *December 23, 2011*