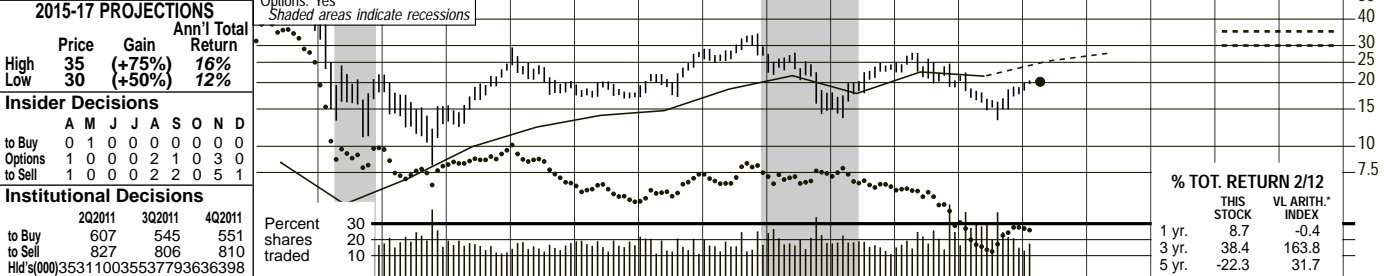


CISCO SYSTEMS NDQ-CSCO

RECENT PRICE **20.22** P/E RATIO **12.7** (Trailing: 15.6) Median: 21.0 RELATIVE P/E RATIO **0.82** DIV'D YLD **1.6%** VALUE LINE

TIMELINESS 2 Raised 3/2/12	High: 44.5	21.8	24.6	29.4	20.3	28.0	34.2	27.7	24.8	27.7	22.3	20.5	Target Price Range 2015 2016 2017	
SAFETY 1 Raised 12/26/08	Low: 11.0	8.1	12.3	17.5	16.8	17.1	24.8	14.2	13.6	19.0	13.3	18.3		80
TECHNICAL 3 Lowered 3/9/12	LEGENDS 13.0 x "Cash Flow" p sh Relative Price Strength 2-for-1 split 6/99 2-for-1 split 3/00 Options: Yes Shaded areas indicate recessions													



2015-17 PROJECTIONS													Ann'l Total		Percent shares traded	© VALUE LINE PUB. LLC	15-17	
High	Price	Gain	Return										2015	2016				2017
Low	35	(+75%)	16%										9.20	9.20	10.95			
	30	(+50%)	12%										2.50	2.50	2.50			
Insider Decisions													2012		VL ARITH. INDEX			
to Buy													1 yr.	8.7	-0.4			
Options													3 yr.	38.4	163.8			
to Sell													5 yr.	-22.3	31.7			
Institutional Decisions													202011		202011		402011	
to Buy													607	545	551			
to Sell													827	806	810			
Hlds(000)													3531	110035537793636398				

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	© VALUE LINE PUB. LLC		15-17
.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	8.65	9.20	Revenues per sh ^A		10.95
.18	.27	.35	.47	.65	.41	.54	.77	.95	1.08	1.13	1.43	1.66	1.37	1.73	1.65	1.95	2.15	"Cash Flow" per sh		2.50
.15	.23	.29	.38	.53	.26	.39	.59	.76	.87	.89	1.17	1.31	1.05	1.33	1.17	1.50	1.70	Earnings per sh ^B		2.00
--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	.12	.26	.30	Div'ds Decl'd per sh		.50
.05	.05	.07	.09	.15	.31	.36	.10	.09	.11	.13	.21	.22	.17	.18	.22	.25	.30	Cap'l Spending per sh		.35
.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	10.75	10.75	Book Value per sh		13.00
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	5375.0	5385.0	Common Shs Outst'g ^C		5350.0
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	16.5	16.5	Avg Ann'l P/E Ratio		17.0
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	1.04	1.04	1.04	Relative P/E Ratio		1.15
--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	6%	6%	Avg Ann'l Div'd Yield		1.4%

CAPITAL STRUCTURE as of 1/28/12													18915		18878		22045		24801		28484		34922		39540		36117		40040		43218		46500		49500		Revenues (\$mill) ^A		58500	
Total Debt \$16.9 bill. Due in 5 years \$3.1 bill.													23.4%		34.3%		35.2%		34.0%		29.1%		28.7%		28.3%		25.2%		28.0%		23.5%		25.5%		26.0%		Operating Margin		26.0%	
LT Debt \$16.3 bill. LT Interest \$625 mill. (26% of Cap'l)													1082.0		1069.0		957.0		1009.0		1293.0		1413.0		1744.0		1768.0		2030.0		2486.0		2350		2400		Depreciation (\$mill)		2550	
Leases, Uncapitalized Annual rentals \$345 mill.													2873.0		4287.0		5337.0		5741.0		5580.0		7333.0		8052.0		6134.0		7767.0		6490.0		8125		9180		Net Profit (\$mill)		10740	
No Defined Benefit Pension Plan													28.0%		28.0%		28.0%		28.6%		26.9%		22.5%		21.5%		20.3%		17.5%		17.1%		22.0%		22.0%		Income Tax Rate		22.0%	
Pfd Stock None													15.2%		22.7%		24.2%		23.1%		19.6%		21.0%		20.4%		17.0%		19.4%		15.0%		17.5%		18.5%		Net Profit Margin		18.4%	
Common Stock 5,385,938,187 shs. as of 2/14/12													9058.0		5121.0		5640.0		3520.0		14363		18216		21841		30522		32188		39725		43500		44900		Working Cap'l (\$mill)		52550	
MARKET CAP: \$109 billion (Large Cap)													28656		28029		25826		23174		6332.0		6408.0		6393.0		10295		12188		16234		16300		16000		Long-Term Debt (\$mill)		14200	
CURRENT POSITION													10.0%		15.3%		20.7%		24.8%		18.7%		19.9%		20.2%		12.9%		14.3%		10.7%		11.5%		12.5%		Return on Total Cap'l		13.0%	
CASH ASSETS													10.0%		15.3%		20.7%		24.8%		23.3%		23.3%		23.4%		15.9%		17.5%		13.7%		15.5%		16.0%		Return on Shr. Equity		15.5%	
RECEIVABLES													10.0%		15.3%		20.7%		24.8%		23.3%		23.3%		23.4%		15.9%		17.5%		12.3%		12.5%		13.0%		Retained to Com Eq		11.5%	
INVENTORY													--		--		--		--		--		--		--		--		--		10%		17%		18%		All Div'ds to Net Prof		25%	

Cisco Systems' Switching business is making a comeback. Its largest unit provided 31% of total revenues in the January quarter, and its sales were up 8%, year over year. According to market research firm IDC, Cisco's share of the Ethernet switch market was 64.3% in the final quarter of calendar 2011, reflecting significant improvement year over year. An overhaul of the Switching portfolio in 2011 clearly helped Cisco's value proposition and customers are responding positively. A more educated salesforce and distributor channel also appear to be helping. Importantly, Switching's margins are back to levels achieved before the unit began to encounter weakness. In general, increased demand for cloud computing and virtualized data centers is driving the transition from 1 gigabit to 10 gigabit networking technology. Also, Web 2.0 companies like Facebook and Twitter are lifting demand. We think Intel's cutting-edge "Romley" ICs will drive further growth this year.

The Routing segment is also regaining market share. Sales there were up 8%, which compares favorably to a 20% decline at Cisco's chief rival in the space, Juniper

Networks. High-end routers in the U.S. and Japan have performed particularly well of late, thanks partly to exploding mobile bandwidth demand. Concerns over low-priced routers from Huawei in China have merit, but we believe Cisco has the higher-quality product and will exhibit disciplined promotional activity. **The gross margin outlook is mixed.** A mix shift toward less profitable data center products will likely keep a lid on profitability in the near term. Still, management expects earnings to grow faster than revenues over the long haul, which suggests margin improvement. Compensation is being tied to margin performance, and we expect software and service company acquisitions, as well as "value engineering efforts" to eventually lift this fundamental. **These timely shares should appeal to long-term investors as well as those focused on momentum.** In addition to its rebounding core operations, the company's strong positions in data center, collaboration, wireless, and video products augur well for solid risk-adjusted long-term price appreciation potential.

Kevin Downing
March 23, 2012

Fiscal Year Ends			QUARTERLY REVENUES (\$ mill.) ^A				Full Fiscal Year
	Oct.Per	Jan.Per	Apr.Per	Jul.Per			
2009	10331	9089	8162	8535		36117	
2010	9021	9815	10368	10836		40040	
2011	10750	10407	10866	11195		43218	
2012	11256	11527	11600	12117		46500	
2013	11900	12100	12600	12900		49500	
Fiscal Year Ends			EARNINGS PER SHARE ^{AB}				Full Fiscal Year
	Oct.Per	Jan.Per	Apr.Per	Jul.Per			
2009	.37	.26	.23	.19		1.05	
2010	.30	.32	.37	.34		1.33	
2011	.34	.27	.35	.22		1.17	
2012	.33	.40	.37	.40		1.50	
2013	.42	.42	.43	.43		1.70	
Cal-endar			QUARTERLY DIVIDENDS PAID ^E				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31			
2008	--	--	--	--		--	
2009	--	--	--	--		--	
2010	--	--	--	--		--	
2011	.06	--	.06	.06		.18	
2012	.06	--	--	--		--	

(A) Fiscal year ends on last Saturday in July (four 13-week quarters). (B) Diluted earnings. Excludes nonrecurring items: '99, (7c); '00, (17c); '01, (38c); '02, (14c); '03, (9c); '04, (14c). '01 includes \$0.15 inventory writeoff. May not sum due to rounding. Next earnings report due early May. (C) In millions, adjusted for stock splits. (D) Long- and short-term investments accounted for within current assets beginning in fiscal 2006. (E) Dividend commenced March 29, 2011.

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Company's Financial Strength	A++
Stock's Price Stability	80
Price Growth Persistence	50
Earnings Predictability	85