CISCO SYSTEMS NDQ-CSCO

RECENT PRICE	21.45	P/E RATIO	15.1 (Trailing: 16.3, Median: 24.0)	RELATIVE P/E RATIO	1.01	DIV'D YLD	Nil

VALUE LINE

TIMELINESS 3 Lowered 8/21/09

SAFETY 1 Raised 12/26/08

TECHNICAL 3 Lowered 5/22/09

BETA .95 (1.00 = Market)

High:	53.6	82.0	44.5	21.8	24.6	29.4	20.3	28.0	34.2	27.7	24.8	27.7
Low:	22.5	35.2	11.0	8.1	12.3	17.5	16.8	17.1	24.8	14.2	13.6	19.8

Target Price Range

2013 | 2014 | 2015

2013-15 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	45	(+110%)	*21%*
Low	35	(+65%)	*14%*

Insider Decisions

	O	N	D	J	F	M	A	M	J
to Buy	0	0	0	0	0	0	0	0	0
Options	0	2	0	0	2	6	0	1	1
to Sell	0	3	0	0	3	6	0	1	1

Institutional Decisions

	4Q2009	1Q2010	2Q2010
to Buy	638	663	650
to Sell	796	782	820
Hld's(000)	4162472	4137537	4051213

% TOT. RETURN 8/10

	THIS STOCK	VL ARITH. INDEX
1 yr.	-7.5	11.1
3 yr.	-37.4	-3.7
5 yr.	13.4	19.4

Cisco Systems was formed in 1984 by computer scientists from Stanford University to commercialize the technology used in developing a campus-wide network to integrate local networks of various computer systems. Its first multi-protocol routers were shipped in March 1986. On February 16, 1990, Morgan Stanley & Co. and Smith Barney, Harris Upham & Co. managed the initial public offering of 806.4 million shares at $.06 a share (adjusted for splits).

2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	© VALUE LINE PUB., INC.	13-15
2.65	3.04	2.59	2.70	3.31	3.95	4.70	5.73	6.71	6.24	6.99	***8.10***	Revenues per sh A	***10.40***
.65	.41	.54	.77	.95	1.08	1.13	1.43	1.66	1.37	1.71	***1.85***	"Cash Flow" per sh	***2.40***
.53	.26	.39	.59	.76	.87	.89	1.17	1.31	1.05	1.33	***1.50***	Earnings per sh B	***2.00***
- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	***.35***	Div'ds Decl'd per sh	***.40***
.15	.31	.36	.10	.09	.11	.13	.21	.22	.17	***.18***	***.20***	Cap'l Spending per sh	***.20***
3.71	3.70	3.92	4.01	3.88	3.69	3.95	5.16	5.83	6.68	7.73	***8.25***	Book Value per sh	***10.60***
7138.0	7324.0	7303.0	6998.0	6650.4	6274.7	6059.0	6100.0	5893.0	5785.0	5732.0	***5680.0***	Common Shs Outst'g C	***5660.0***
NMF	NMF	42.4	24.3	29.6	21.6	21.3	22.0	20.6	17.7	*Bold figures are*		Avg Ann'l P/E Ratio	***20.0***
NMF	NMF	2.32	1.39	1.56	1.15	1.15	1.17	1.24	1.18	*Value Line*		Relative P/E Ratio	***1.35***
- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	*estimates*		Avg Ann'l Div'd Yield	***Nil***
18928	22293	18915	18878	22045	24801	28484	34922	39540	36117	40040	***46000***	Revenues ($mill) A	***59000***
30.1%	19.6%	23.4%	34.3%	35.2%	34.0%	29.1%	28.7%	28.3%	25.2%	***27.4%***	***27.5%***	Operating Margin	***28.0%***
694.0	1026.0	1082.0	1069.0	957.0	1009.0	1293.0	1413.0	1744.0	1768.0	2030	***1900***	Depreciation ($mill)	***2200***
3914.0	1970.0	2873.0	4287.0	5337.0	5741.0	5580.0	7333.0	8052.0	6134.0	7767	***8625***	Net Profit ($mill)	***11480***
30.0%	28.0%	28.0%	28.0%	28.0%	28.6%	26.9%	22.5%	21.5%	20.3%	17.5%	***22.0%***	Income Tax Rate	***22.0%***
20.7%	8.8%	15.2%	22.7%	24.2%	23.1%	19.6%	21.0%	20.4%	17.0%	19.4%	***18.8%***	Net Profit Margin	***19.5%***
5914.0	4739.0	9058.0	5121.0	5640.0	3520.0	14363	18216	21841	30522	32188	***35215***	Working Cap'l ($mill)	***40365***
- -	- -	- -	- -	- -	- -	6332.0	6408.0	6393.0	10295	12188	***12200***	Long-Term Debt ($mill)	***12200***
26497	27120	28656	28029	25826	23174	23912	31480	34353	38647	44285	***48910***	Shr. Equity ($mill)	***59815***
14.8%	7.3%	10.0%	15.3%	20.7%	24.8%	18.7%	19.9%	20.2%	12.9%	14.3%	***15.0%***	Return on Total Cap'l	***16.5%***
14.8%	7.3%	10.0%	15.3%	20.7%	24.8%	23.3%	23.3%	23.4%	15.9%	17.6%	***18.5%***	Return on Shr. Equity	***19.0%***
14.8%	7.3%	10.0%	15.3%	20.7%	24.8%	23.3%	23.3%	23.4%	15.9%	17.6%	***14.0%***	Retained to Com Eq	***15.5%***
- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	***23%***	All Div'ds to Net Prof	***20%***

CAPITAL STRUCTURE as of 7/31/10

Total Debt $15.3 bill. **Due in 5 years** $3.1 bill.
LT Debt $12.2 bill. **LT Interest** $525 mill.
(22% of Cap'l)

Leases, Uncapitalized Annual rentals $345 mill.

No Defined Benefit Pension Plan

Pfd Stock None

Common Stock 5,688,000,000 shs.
as of 5/20/10

MARKET CAP: $122 billion (Large Cap)

CURRENT POSITION ($MILL.)	2008	2009	7/31/10
Cash Assets D	26235	35001	39861
Receivables	3821	3177	4929
Inventory (FIFO)	1235	1074	1327
Other	4408	4925	5304
Current Assets	35699	44177	51421
Debt Due	500	- -	3096
Accts Payable	869	675	895
Other	12489	12980	15242
Current Liab.	13858	13655	19233

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '07-'09 to '13-'15
Revenues	16.0%	17.0%	*9.0%*
"Cash Flow"	15.0%	14.5%	*8.5%*
Earnings	14.5%	15.0%	*9.0%*
Dividends	- -	- -	*Nil*
Book Value	17.0%	8.5%	*12.5%*

Fiscal Year Ends	QUARTERLY REVENUES ($ mill.) A Oct.Per	Jan.Per	Apr.Per	Jul.Per	Full Fiscal Year
2007	8184	8439	8866	9433	34922
2008	9554	9831	9791	10364	39540
2009	10331	9089	8162	8535	36117
2010	9021	9815	10368	10836	40040
2011	***10800***	***11200***	***11800***	***12200***	***46000***

Fiscal Year Ends	EARNINGS PER SHARE AB Oct.Per	Jan.Per	Apr.Per	Jul.Per	Full Fiscal Year
2007	.26	.31	.30	.30	1.17
2008	.35	.33	.29	.34	1.31
2009	.37	.26	.23	.19	1.05
2010	.30	.32	.37	.33	1.33
2011	***.35***	***.36***	***.38***	***.41***	***1.50***

Cal-endar	QUARTERLY DIVIDENDS PAID Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2006	NO CASH DIVIDENDS BEING PAID				
2007					
2008					
2009					
2010					

BUSINESS: Cisco Systems, Inc. is the leading supplier of high-performance internetworking products for linking local-area and wide-area networks of computer systems. Products include routers, LAN and ATM switches, dial-up access servers, and network management software. The Cisco IOS software platform ties these products together, delivers network services, and enables networked applications. Foreign business accounted for 46.4% of 2009 revenues. R&D, 12.9% of revs. '09 deprec. rate: 12.5%. Has about 66,129 employees. Officers/Directors hold less than 1.0% of stock;. (9/10 proxy). Chairman & CEO: J.T. Chambers. Incorporated: California. Address: 170 W. Tasman Drive, San Jose, CA 95134-1706. Telephone: 408-526-4000. Web: www.cisco.com.

Cisco shares have taken a step back recently. Management indicated most of its large customers believe that the pace of the economic recovery has slowed, and now expect a very gradual return to more normal conditions. Still, it guided October-period revenue up 18%-20%, year over year, inline with our estimate, but approximately 1% below Wall Street's expectations. The share price dropped 14% in response, which it has yet to recover from.

July-period sales were robust. Switching revenues were up 27%, with particular strength coming from the Nexus, CRS, and ASR products lines. Routing grew 15%, and Advanced Technologies rose 27%.

The company has aggressive long-term growth targets. Over the next 3 to 5 years, CSCO looks to generate annual revenue gains of 12%-17%. Core switching and routing products are expected to contribute 9%-10%, whereas new technologies like Telepresence and its next generation data center platform, Unified Computing System, are forecasted to provide 3%-4% growth. Rounding out the expected advance are emerging markets (1%) and market adjacencies (2%) like Smart Grid, a technology that helps utility companies distribute power more efficiently. CSCO believes that this market might well eventually grow to the size of switching. Even though many of these advanced technologies have lower margins than core products, management kept its 28%-31% operating margin target range intact.

Cisco intends to issue its first ever dividend. It plans to initiate a payment with a 1%-2% yield during this fiscal year. The size and timing will be contingent upon the government's dividend tax policy and whether tax-free cash repatriation is allowed (the majority of Cisco's cash reserves are held overseas). Share repurchase activity should slow as a result.

These high-quality shares are a solid choice, in our view. Exposure to video streaming, mobile data usage, videoconferencing, and data center consolidation augur well for the success of the company's long-term revenue goals. CSCO's depth of product is unique, and the one-stop shopping experience this provides gives Cisco a competitive advantage. This equity is ranked 1 (Highest) for Safety.

Kevin Downing *September 24, 2010*

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

Company's Financial Strength	A++
Stock's Price Stability	85
Price Growth Persistence	60
Earnings Predictability	85