CISCO SYSTEMS NDQ-CSCO

RECENT PRICE	31.87	P/E RATIO	13.3 (Trailing: 13.5 / Median: 15.0)	RELATIVE P/E RATIO	0.70	DIV'D YLD	3.5%	VALUE LINE

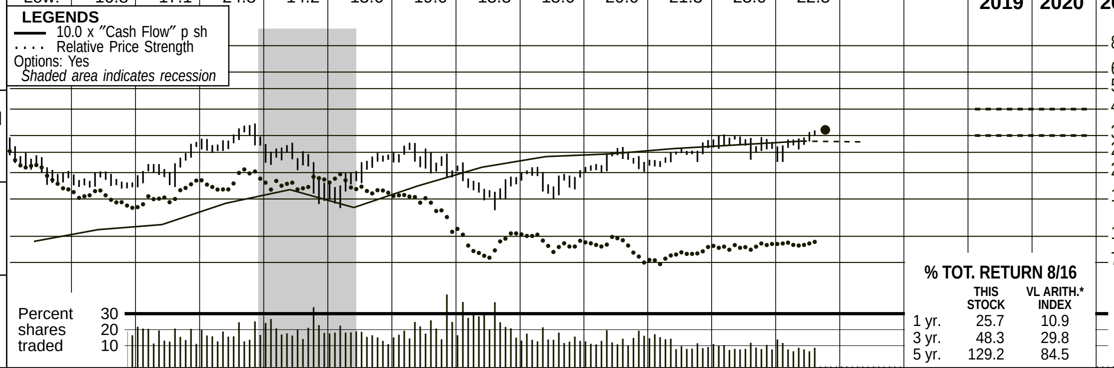
TIMELINESS 3 Lowered 12/26/14

SAFETY 2 Lowered 9/19/14

TECHNICAL 3 Lowered 8/5/16

BETA 1.10 (1.00 = Market)

High:	20.3	28.0	34.2	27.7	24.8	27.7	22.3	21.3	26.5	28.6	30.3	32.0
Low:	16.8	17.1	24.8	14.2	13.6	19.0	13.3	15.0	20.0	21.3	23.0	22.5



2019-21 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	40	(+25%)	9%
Low	30	(-5%)	2%

Insider Decisions

	N	D	J	F	M	A	M	J	J
to Buy	0	0	0	0	0	0	0	0	0
Options	9	0	0	0	2	0	2	0	1
to Sell	3	1	0	0	5	0	2	3	1

Institutional Decisions

	4Q2015	1Q2016	2Q2016
to Buy	850	890	890
to Sell	734	738	732
Hld's(000)	3843533	3859799	3781838

% TOT. RETURN 8/16

	THIS STOCK	VL ARITH.* INDEX
1 yr.	25.7	10.9
3 yr.	48.3	29.8
5 yr.	129.2	84.5

2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	© VALUE LINE PUB. LLC	19-21
2.65	3.04	2.59	2.70	3.31	3.95	4.70	5.73	6.71	6.24	7.08	7.95	8.69	9.02	9.23	9.67	9.78	*10.05*	Revenues per sh A	*12.40*
.65	.41	.54	.77	.95	1.08	1.13	1.43	1.66	1.37	1.73	2.12	2.38	2.45	2.60	2.71	2.82	*2.80*	"Cash Flow" per sh	*3.55*
.53	.26	.39	.59	.76	.87	.89	1.17	1.31	1.05	1.33	1.62	1.85	2.02	2.06	2.21	2.36	*2.40*	Earnings per sh B	*3.00*
--	--	--	--	--	--	--	--	--	--	--	.12	.28	.62	.72	.80	.94	*1.08*	Div'ds Decl'd per sh E	*1.30*
.15	.31	.36	.10	.09	.11	.13	.21	.22	.17	.18	.22	.21	.22	.25	.24	.23	*.25*	Cap'l Spending per sh	*.25*
3.71	3.70	3.92	4.01	3.88	3.69	3.95	5.16	5.83	6.68	7.83	8.69	9.68	10.97	11.09	11.74	12.63	*13.80*	Book Value per sh	*15.10*
7138.0	7324.0	7303.0	6998.0	6650.4	6274.7	6059.0	6100.0	5893.0	5785.0	5655.0	5435.0	5298.0	5389.0	5107.0	5085.0	5034.4	*5000.0*	Common Shs Outst'g C	*4800.0*
99.7	NMF	42.4	24.3	29.6	21.6	21.3	22.0	20.6	17.7	17.9	11.9	9.7	10.3	11.3	12.3	11.5		Avg Ann'l P/E Ratio	*12.0*
6.48	NMF	2.32	1.39	1.56	1.15	1.15	1.17	1.24	1.18	1.14	.75	.62	.58	.59	.62	.62		Relative P/E Ratio	*.75*
--	--	--	--	--	--	--	--	--	--	--	.6%	1.6%	3.0%	3.1%	2.9%	3.5%		Avg Ann'l Div'd Yield	*3.6%*

2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017		19-21
28484	34922	39540	36117	40040	43218	46061	48607	47142	49161	49247	*50250*	Revenues ($mill) A	*59500*
29.1%	28.7%	28.3%	25.2%	28.0%	32.0%	33.3%	31.0%	31.4%	31.6%	33.4%	*32.0%*	Operating Margin	*32.0%*
1293.0	1413.0	1744.0	1768.0	2030.0	2486.0	2602.0	2351.0	2432.0	2442.0	2150.0	*2100*	Depreciation ($mill)	*2750*
5580.0	7333.0	8052.0	6134.0	7767.0	9033.0	10017	10866	10863	11354	12022	*11950*	Net Profit ($mill)	*14400*
26.9%	22.5%	21.5%	20.3%	17.5%	21.3%	21.9%	20.8%	20.8%	21.7%	*21.8%*	*22.0%*	Income Tax Rate	*22.0%*
19.6%	21.0%	20.4%	17.0%	19.4%	20.9%	21.7%	22.4%	23.0%	23.1%	24.4%	*23.9%*	Net Profit Margin	*24.2%*
14363	18216	21841	30522	32188	39725	44202	43329	47305	52660	53808	*51850*	Working Cap'l ($mill)	*49550*
6332.0	6408.0	6393.0	10295	12188	16234	16297	12928	20401	21457	24500	*19500*	Long-Term Debt ($mill)	*17500*
23912	31480	34353	38647	44267	47226	51286	59120	56654	59698	63585	*69000*	Shr. Equity ($mill)	*72500*
18.7%	19.9%	20.2%	12.9%	14.3%	14.7%	15.3%	15.5%	14.5%	14.3%	13.6%	*13.5%*	Return on Total Cap'l	*16.0%*
23.3%	23.3%	23.4%	15.9%	17.5%	19.1%	19.5%	18.4%	19.2%	19.0%	18.9%	*17.5%*	Return on Shr. Equity	*20.0%*
23.3%	23.3%	23.4%	15.9%	17.5%	17.7%	16.6%	12.8%	12.5%	12.2%	11.2%	*9.5%*	Retained to Com Eq	*11.5%*
--	--	--	--	--	7%	15%	30%	35%	36%	40%	*45%*	All Div'ds to Net Prof	*43%*

CAPITAL STRUCTURE as of 7/30/16

Total Debt $28.7 bill. **Due in 5 years** $18.8 bill.
LT Debt $24.5 bill. **LT Interest** $675 mill.
(28% of Cap'l)

Leases, Uncapitalized Annual rentals $346 mill.

No Defined Benefit Pension Plan

Pfd Stock None

Common Stock 5,034,400,000 shs.

MARKET CAP: $160 billion (Large Cap)

CURRENT POSITION ($MILL.)	2014	2015	7/30/16
Cash Assets D	52074	60416	65756
Receivables	5157	5344	5847
Inventory (FIFO)	1591	1627	1217
Other	8292	8896	5899
Current Assets	67114	76283	78719
Accts Payable	1032	1104	1056
Debt Due	508	3897	4160
Other	18269	18622	19695
Current Liab.	19809	23623	24911

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '14-'16 to '19-'21
Revenues	11.0%	7.0%	*5.0%*
"Cash Flow"	11.0%	10.5%	*5.5%*
Earnings	11.0%	11.5%	*6.0%*
Dividends	--	--	*10.5%*
Book Value	11.5%	10.5%	*5.0%*

Fiscal Year Ends	QUARTERLY REVENUES ($ mill.) A Oct.Per	Jan.Per	Apr.Per	Jul.Per	Full Fiscal Year
2013	11876	12098	12216	12417	48607
2014	12085	11155	11545	12357	47142
2015	12245	11936	12137	12843	49161
2016	12682	11927	12000	12638	49247
2017	*12500*	*12260*	*12500*	*12990*	*50250*

Fiscal Year Ends	EARNINGS PER SHARE AB Oct.Per	Jan.Per	Apr.Per	Jul.Per	Full Fiscal Year
2013	.48	.51	.51	.52	2.02
2014	.53	.47	.51	.55	2.06
2015	.54	.53	.54	.59	2.21
2016	.59	.57	.57	.63	2.36
2017	*.60*	*.59*	*.58*	*.63*	*2.40*

Cal-endar	QUARTERLY DIVIDENDS PAID E Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2012	.06	.08	.08	.28	.50
2013	--	.17	.17	.17	.51
2014	.17	.19	.38	--	.74
2015	.40	--	.21	.21	.82
2016	.21	.26	.26		

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 68.1% of 2015 earnings. R&D, 13.5% of revenues. Has about 75,049 employees. Officers/Directors hold less than 1.0% of stock; BlackRock, 6.1%, Vanguard, 5.5%. (9/15 proxy). Chrmn. & CEO: Chuck Robbins. Inc.: CA. Address: 170 W. Tasman Drive, San Jose, CA 95134-1706. Tele.: 408-526-4000. Web: www.cisco.com.

Cisco Systems reported decent results to end fiscal 2016. The top line advanced 2% year over year in the July period, as product sales rose 1% and service revenue was 5% higher. The operating margin grew by 130 basis points, and earnings per share were 9% higher. The planned transition of the product suite toward software continued. That category made up 28% of total revenue versus 25% a year ago.

Underlying demand trends are wanting. Service providers spent 5% less than last year and emerging market revenue dropped 6%. Macroeconomic uncertainty was cited for the lackluster results. The company did not provide a timeline for an expected recovery from these end markets. Fiscal first-quarter guidance calls for revenue to be down 1% to up 1%, and for earnings to land between $0.58 and $0.60.

Traditional engineering and sales positions are being eliminated. Following similar actions by former CEO John Chambers in 2013 and 2014, current CEO Chuck Robbins recently announced that Cisco plans to lay off 5,500 employees, or roughly 7% of the global workforce. The decision stems from a shift in focus from low-growth core businesses to priority areas such as security, Internet of Things, collaboration, data center, and the cloud. In general, the company needs fewer people to make hardware and more people to write software, as businesses increasingly use cloud computing power to run operations as opposed to physical networking gear. The downsizing will take place in the October period, and is expected to result in $325 million to $400 million in pretax charges during that time frame, before totaling $700 million in fiscal 2017. The company appears to be taking the steps necessary to maintain a competitive product and service offering, while also maintaining margins.

Conservative, income investors may find these shares worthy of consideration. The stock will likely move sideways until demand from service providers and emerging markets rebounds. Based on Cisco's successful history of predicting and preparing for technology transitions, we think it should be able to adapt to an increasingly competitive landscape for networking companies.

Kevin Downing *September 16, 2016*

(A) Fiscal year ends on last Saturday in July (four 13-week quarters). (B) Diluted earnings. Excludes nonrecurring items: '00, (17¢); '01, (38¢); '02, (14¢); '03, (9¢); '04, (14¢). '01 includes $0.15 inventory writeoff. May not sum due to rounding. Next egs. report due mid-November. GAAP egs. prior to 2011, pro-forma thereafter. (C) In millions, adjusted for stock splits. (D) Long- and short-term investments in current assets beginning in fiscal 2006. (E) Dividend commenced March 29, 2011, paid in late Jan., April, July, and Oct.

Company's Financial Strength	A++
Stock's Price Stability	70
Price Growth Persistence	30
Earnings Predictability	95

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