Mass Layoffs Looming At HP

The Associated Press

SAN FRANCISCO (AP) — Hewlett-Packard Co. is expected to announce deep cuts in its workforce Wednesday afternoon when the world's largest personal computer and printer maker is scheduled to release its latest quarterly results.

The payroll purge could lay off 25,000 to 35,000 workers, based on recent media reports that quoted unnamed people familiar with HP's plans.

HP has declined to comment, but CEO Meg Whitman has made it clear that she believes the company needs to trim its expenses to offset declining revenue and free up more money to pour into research and development.

The looming layoffs could be the largest in HP's 73-year history, surpassing 24,600 jobs cuts announced in 2008 after the company bought consulting service EDS for $13.9 billion.

HP currently employs nearly 350,000 people. If the recent reports pan out, that means HP is looking to jettison about 7 percent to 10 percent of its workforce.

The financial pressure has been building on HP since the company replaced cost-cutting specialist Mark Hurd as its CEO amid questions about his relationship with a former actress who worked for the company as a contractor. Since then, HP has had trouble responding to the threat posed to personal computers and printers by the rising popularity of smartphones and tablet computers such as Apple Inc.'s iPad.

HP's stock price has lost more than half its value since Hurd's resignation in August 2010. The company's shares closed Tuesday at $21.78.

The specter of layoffs has turned HP's results for its fiscal second quarter into an afterthought. Analysts, on average, expect HP to earn 91 cents per share, after adjusting for certain accounting items unrelated to the company's ongoing business. That projection represents a 27 percent decrease from HP's adjusted earnings at the same time last year. Revenue for three months ending in April is expected to dip 5 percent from last year to $29.9 billion.

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