

Cisco To Lay Off 1,300 Employees In Latest Cutback

The Associated Press

SAN JOSE, California (AP) — Cisco Systems is preparing to lay off about 1,300 workers just a few months after the world's largest maker of computer networking equipment warned that growing economic uncertainty is making it tougher to close sales with its customers.

The cuts announced Monday represent about 2 percent of Cisco System Inc.'s payroll of 65,000 workers.

The upcoming layoffs represent the company's latest austerity measure. Last year, Cisco shed about 10,000 jobs as part of a program aimed at saving about \$1 billion annually.

Cisco says it is shedding jobs to simplify its operations and adjust to changing economic conditions around the world. The company, which is based in San Jose, California, didn't specify what parts of its operations will be trimmed.

"We routinely review our business to determine where we need to align investment based on growth opportunities," the company said in a statement. "Additionally, we continue to evaluate our organizational structure as part of our plan to drive simplicity, speed of decisions and agility across Cisco."

The belt-tightening comes after Cisco offered revenue guidance for its current quarter that was well below Wall Street expectations. Cisco cautioned its revenue for the period that ends this month is like to increase by as little as 2 percent from the same time last year. At the time that guidance was issued in early May, analysts had been anticipating a revenue increase of 7 percent.

Cisco CEO John Chambers said the company might have to adjust to rapidly shifting economic conditions beyond its control. In particular, he said the buyers of Cisco's networking gear were becoming more reluctant to make big purchases because of shaky economic conditions in Europe and other parts of the world, including India.

"We will muddle through this with a little bit of bumps on the road," Chambers told industry analysts back in May.

Cisco's shares shed 29 cents, or nearly 2 percent, to close Monday at \$16.07, then dipped another 20 cents in extended trading.

The company is scheduled to release its results for the current quarter on Aug. 15.

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