

Google Cutting 4,000 At Motorola Unit

The Associated Press

MOUNTAIN VIEW, California (AP) — Google is cutting about 4,000 jobs at its Motorola Mobility cellphone business and will close or consolidate about one-third of its 90 locations.

The reductions represent about 20 percent of Motorola Mobility's 20,000 employees, and 7 percent of Google's overall work force. Two-third of the job cuts will take place outside of the U.S., Google said.

The job eliminations come three months after Google bought the once-dominant U.S. cellphone maker for \$12.5 billion, chiefly with a view to using its large patent portfolio to bolster its legal defenses.

The cellphone pioneer has been struggling for years. It hadn't produced a mass-market hit since it introduced the Razr cellphone in 2005 and its market share has plummeted.

Before the acquisition, Motorola had been trying to turn itself around by focusing on smartphones, and the cuts announced Monday will shift that goal even further. In the first quarter, Motorola sold 5.1 million smartphones and 3.7 million "dumb" phones.

The migration toward smartphones has slowed Motorola's decline, but it has still lost money in 14 out of the last 16 quarters.

Google said in a filing with the Securities and Exchange Commission that the changes are intended to make the unit profitable, but warned that investors should expect revenue to fluctuate over the next few quarters, and sales will drop before the cost savings take effect.

Severance payments will cost Google about \$275 million, which will largely be recognized in the current quarter. The company also expects to book an unspecified amount in restructuring charges, mostly in the quarter.

Motorola announced in June that it would move its headquarters from the Chicago suburb of Libertyville to downtown Chicago.

Google shares rose \$7, or 1.1 percent, to \$649 in morning trading.

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