Cisco addition increases technology clout in Dow

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(AP) -- Miles per hour - out. Bits per second - in.

Dow Jones & Co. said Monday it would add Cisco Systems Inc., the world's largest maker of computer networking hardware, to the 30-stock industrial average, replacing General Motors Corp. The change takes effect June 8.

The automotive giant filed for bankruptcy protection Monday. Meanwhile, Cisco has been weathering the recession without major layoffs, and has kept acquiring companies to expand its technology portfolio.

Shares of San Jose, Calif.-based Cisco rose 78 cents, or 4.2 percent, to $19.28 in morning trading. Meanwhile the Dow Jones U.S. Technology Index was up 2.5 percent. Investment funds that track the Dow Jones industrials are now forced to buy Cisco shares to match the index.

The addition of Cisco reflects the increasing importance of information technology in the U.S. economy. IBM Corp. was added to the list in 1979. It was followed by Hewlett-Packard Co. in 1997, then Intel Corp. and Microsoft Corp. in 1999.

Intel and Microsoft were the first Dow components that are listed on the Nasdaq Stock Market rather than the New York Stock Exchange. Cisco will be the third.
The Dow Jones industrial average also includes the two largest telecommunications services providers in the U.S., AT&T Inc. and Verizon Communications Inc., which both are major Cisco customers.

Dow Jones also said Monday it will drop Citigroup Inc. in favor of Travelers Cos.

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