

# Cisco forecasts first revenue growth in a year

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A sign outside Cisco Systems headquarters in San Jose, Calif. is shown Wednesday, Nov. 4, 2009. Cisco Systems Inc. says its quarterly income dropped 19 percent but that recession-dampened orders are improving. (AP Photo/Paul Sakuma)

(AP) -- Cisco Systems Inc. doesn't want Wall Street to interpret its forecast for its first quarterly revenue growth in a year as evidence that the U.S. and other economies are roaring back.

A slow improvement in orders is under way but the pace is still slow and the recovery is fragile, executives from the world's No. 1 maker of computer-networking equipment told analysts Wednesday.

Cisco forecast that revenue will grow 1 percent to 4 percent in the current quarter, which ends in January. That would translate to revenue of \$9.2 billion to \$9.5 billion. Analysts polled by Thomson Reuters were expecting a decline from last year.

Cisco's results are seen as a gauge of how large corporations and government agencies and Internet providers are managing their technology budgets. Rising sales suggests they are loosening the pursestrings to buy Cisco mainstays such as routers and switches, which direct data traffic.

Cisco's CEO, John Chambers, said orders are rising again after passing a "tipping point" in the downturn this summer.

Cisco executives urged caution, though, saying sales could still sputter if the economic recovery wobbles.

"There's still uncertainty in the economy on a global basis," Cisco's chief financial officer, Frank Calderoni, said in an interview. "It's not completely back to normal levels, and with that kind of uncertainty, you really have to take things quarter by quarter."

Cisco's numbers for the fiscal quarter ended Oct. 24 indicate that the company is still suffering from the downturn, which has forced its biggest customers to rein in spending, but is seeing green shoots that pleased investors.

Cisco's net income dropped 19 percent to \$1.8 billion, or 30 cents per share. Excluding one-time charges, Cisco earned 36 cents per share. Revenue fell 13 percent to \$9 billion.

Wall Street was expecting even steeper declines, though. Cisco's shares climbed 82 cents, or 3.5 percent, to \$24.11 in extended trading. In

regular trading earlier, it gained 31 cents, or 1.4 percent, to close at \$23.22.

Given the brightening conditions, Cisco it will start to hire more employees after laying off workers over the past year. Cisco's work force has shrunk by about 3,500 over the past four quarters to about 63,800, mostly from layoffs but also from early retirement offers and attrition.

Chambers said the hiring will be "very targeted" and focused on new markets.

San Jose, Calif.-based Cisco also announced that its board approved \$10 billion more for stock buybacks, lifting the total amount available under that and previous plans to \$13.1 billion.

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