Cisco to cut 4,000 jobs (Update)

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The Cisco logo is seen on a telephone in Washington on July 18, 2011. The information technology giant announced Wednesday that it will cut 4,000 jobs, equal to five percent of its workforce.

Information technology giant Cisco announced Wednesday that it will cut 4,000 jobs, equal to five percent of its workforce.

Cisco executives said the cuts were necessitated by a weaker-than-expected economic recovery, with conditions especially disappointing in emerging markets.

The "economic recovery is slower and more inconsistent," chief executive John Chambers told analysts.

While the US market has been getting better, that improvement is offset by "softening" in emerging markets, Chambers added.

Chambers emphasized the company's need to "move fast" as it rebalances staff to meet growth areas. He said some of the downsized workers will undoubtedly be rehired in other posts.

"I have learned in this industry you lead with your mind, not with your heart," Chambers said.

The cuts announced Wednesday came despite an 18.2 percent rise in earnings, and pushed Cisco shares 9.1 percent lower to $23.97 in after-hours trade.

Wednesday's job cuts mark the third consecutive summer the company has downsized.

In July 2012, Cisco eliminated 1,300 jobs, citing global economic uncertainty. In July 2011, it eliminated 6,500 posts as part of a major company restructuring.

Cisco reported fiscal fourth quarter earnings of $2.3 billion on revenues of $12.4 billion, up from the year-ago level of $1.9 billion on revenues of $11.7 billion.

Per-share earnings exceeded analyst expectations by one cent at 52 cents per share.

Cisco officials signaled that first-quarter revenue growth will be in the 3-5 percent range, with earnings per share expected at 50-51 cents. The

updated outlook was in line with analyst expectations, but a bit on the low end.

Cisco has been expanding its profile in some targeted growth areas such as cloud computing and Internet security with a run of recent acquisitions.