# HP Cutting 11,000 to 16,000 More Jobs

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LOS ANGELES (AP) — Hewlett-Packard Co. said Thursday that it aims to cut another 11,000 to 16,000 jobs by October, bringing the total number of planned layoffs to a maximum of 50,000 and nearly doubling the largest payroll reduction ever for the 75-year-old technology giant.

HP's move revises upward a previous target of 34,000 job cuts. In May 2012, eight months after former eBay Inc. CEO Meg Whitman took the reins, HP unveiled the chief executive's initial restructuring plan, which called for a headcount reduction of 27,000.

When the program was first announced, the company had nearly 350,000 employees. As of October, it had 317,500.

Whitman said the extra cuts are being made because the company sees further opportunity to cut costs, not because of a forecast decline in demand.

"I would say I'm feeling more confident because we have seen a stabilization of revenue," she told analysts on a conference call. "The high single-digit declines are over."

She also said she doesn't anticipate further cuts.

The Palo Alto-based company said the reductions will save an extra $1 billion annually by the fiscal year through October 2016 and reap 2-3 cents per share of savings in the year through October 2014.

Even so, analysts worry that the company's recent good fortune, especially in a recovering market for personal computers, might be short-lived. The company acknowledged that Microsoft Corp.'s end of support for its nearly 13-year-old Windows XP operating system in April had boosted corporate demand for PCs, especially in Japan.

"The part I would worry about is: Do PCs get back to declining once XP's benefit is behind you?" said Amit Daryanani, an analyst with RBC Capital Markets. "Is it truly from opportunities they found or is it ahead of an air pocket in demand?"

HP announced the cuts while reporting that net income in the three-month period ending April 30 rose 18 percent to $1.27 billion, or 66 cents per share.

Excluding special items such as restructuring charges, adjusted earnings were 88 cents per share, meeting the expectation of analysts polled by FactSet.

Revenue fell 1 percent to $27.31 billion, below the $27.43 billion analysts expected.

HP's quarterly results were unexpectedly released early, before markets closed. HP's stock dropped 74 cents, or 2.3 percent, to close at $31.78 and fell another 3 cents to $31.75 in after-hours trading.

The company said it expects adjusted earnings of 86 cents to 90 cents per share in the current quarter, with the midpoint a penny below the 89 cents analysts are looking for. HP said full-year adjusted earnings will be between $3.63 and $3.75 per share. The midpoint is two cents below analysts' expectations of $3.71 per share.

Personal computer sales —HP's largest source of revenue— rose 7 percent to $8.2 billion as buoyant sales to businesses offset a slight consumer decline.

Printing revenue fell 4 percent to $5.8 billion. Enterprise group revenue fell 2 percent to $6.7 billion while enterprise services revenue fell 7 percent to $5.7 billion.

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