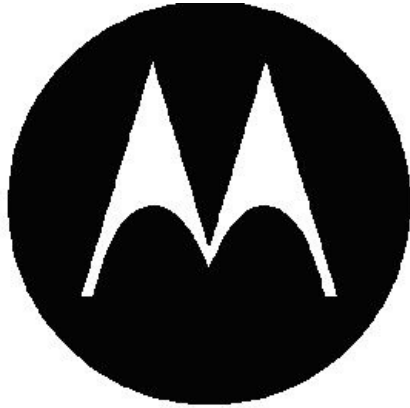


## GOOGLE TO CUT 4,000 MOTOROLA JOBS



It was announced on Monday that Google Inc. is going to cut close to 20 percent of Motorola Mobility's labor force in order to streamline the phone maker. The number of job cuts, close to 4,000, are the first ever in the brief history of Google. The cuts are supposed to move Motorola back to profitability after the company spent the last 14 of 16 quarters in the red. When it comes to severance charges, Google is anticipating \$275 million, which will be recorded in the third quarter. Any remaining costs for severance will be recorded by the time 2012 comes to an end. Google warned Monday that "investors should expect to see significant revenue variability for Motorola for several quarters." The company also said that it will probably take a longer amount of time for Motorola to trim its expenses than for Motorola's revenue to feel any impact from the job cuts. A spokeswoman for Google, Niki Christoff, said that Motorola still has a "vibrant Home business with good market leadership and a strong strategy." Motorola Mobility was purchased by Google back in May for \$12.5 billion, which was aimed at patents being transferred to Google from Motorola. The Google Android mobile software is used now by all of Motorola's new handsets. Close to 10 percent of the second quarter revenue for Google was contributed by Motorola. The company posted an operation loss of \$41 million for its mobile section. There was a \$3 million for the company's home business section. Of the job cuts, two-thirds of them will occur outside of the United States in the mobile section. Roughly 30 facilities will also be shut down or consolidated, leaving 60 facilities operational. In July, Motorola said it would move its headquarters from Libertyville, Illinois to the Merchandise Mart building in downtown Chicago. "They're taking steps to make what has been an unprofitable unit for some time right-sized," RBC Capital Markets analyst Sean Kim said. The cuts by Google were described as 'decisive' and 'quick' by Rick Summer, the Morningstar analyst. "It's not clear what Google and Motorola can do to push that market forward more than Samsung [Electronics Co.] already has," Summer said. The stock for Google was upgraded to 'overweight' on Monday by Morgan Stanley, which said, the home unit for Motorola "reinforces our view that Google is indeed interested in [Motorola's] patents and smartphone hardware expertise, but is not seeking to overextend itself." Experts in the industry said that the cuts were not a surprise since Google has been planning a restructuring for some time now.