



**Challenger, Gray & Christmas, Inc.**  
The original outplacement company

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## **FOR IMMEDIATE RELEASE**

### **Recession Rips Tech Sector**

## **LARGEST QUARTERLY JOB-CUT TOTAL SINCE 2002**

**CHICAGO, April 6, 2009** – Firms in the United States technology sector announced planned job cuts totaling 84,217 in the first quarter, up 27 percent from 66,312 in the previous quarter. It was the largest quarterly job-cut tally for the sector since 2002, when 133,511 layoffs were announced in the fourth quarter, according to the report released Monday by global outplacement firm Challenger, Gray & Christmas, Inc.

First-quarter tech sector job cuts were nearly five times higher than the 17,345 cuts announced during the same period a year ago. Job cuts in the sector, which includes telecommunications, computer and electronics firms, have increased in each of the last five quarters, growing by an average of 42 percent every three months.

Despite the increase, quarterly technology job cuts remain well below the levels reached during the dot.com collapse that resulted in 1,163,742 tech-sector job cuts in 2001 and 2002. During that period, employers announced an average of 145,467 job cuts each quarter.

“Unfortunately, no industry appears to be immune in this recession. Even the health care sector, which has consistently added jobs throughout the downturn, is starting to see those gains shrink. And continued job creation in the federal government is being offset by large-scale losses at the state and local level, due largely to a rapidly deteriorating tax base,” said John A. Challenger, chief executive officer of Challenger, Gray & Christmas.

“Of course, when all these sectors make cutbacks, it inevitably impacts the technology sector. Just last week, Forrester Research said it expects information technology spending to drop by 3.1 percent this year, which was much higher than its initial projection of a 1.6 percent decline,” said Challenger.

In addition to job cuts, a growing number of tech firms announced across-the-board salary cuts to help reduce costs. Just some of the notable technology firms announcing pay cuts in the first quarter included AMD, Seagate, Hewlett-Packard and Motorola. Some, including Yahoo, instituted pay freezes and others are suspending contributions to 401(k) plans.

Technology sector job cuts are expected to remain heavy in the coming months, according to Challenger. “We may start to see an increase in merger activity among tech firms, as they attempt to gain an economic and competitive foothold in this downturn. Most recently, IBM and Sun Microsystems have initiated talks over a possible corporate marriage,” said Challenger.

“In most of these mergers, the first step taken to offset the cost of the merger is to eliminate redundant positions. For large entities like IBM and Sun, this could mean thousands of workers.”

So far in 2009, only 1,360 merger-related job cuts have been announced by tech firms and those were isolated to the telecommunications industry. In 2008, technology-sector mergers resulted in 31,313 job cuts.



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## 2009 TECHNOLOGY JOB CUTS

	<b>Telecom</b>	<b>Computer</b>	<b>Electronics</b>	<b>QRTLY TOTAL</b>
<b>Quarter 1</b>	18,972	31,580	33,665	<b>84,217</b>
<b>Quarter 2</b>				
<b>Quarter 3</b>				
<b>Quarter 4</b>				
<b>SECTOR TOTAL</b>	<b>18,972</b>	<b>31,580</b>	<b>33,665</b>	<b>84,217</b>
<b>Total represents 14.6% of Q1 job cuts (578,510)</b>				

## 2008 TECHNOLOGY JOB CUTS

	<b>Telecom</b>	<b>Computer</b>	<b>Electronics</b>	<b>QRTLY TOTAL</b>
<b>Quarter 1</b>	6,577	4,840	5,928	<b>17,345</b>
<b>Quarter 2</b>	19,142	10,429	4,073	<b>33,644</b>
<b>Quarter 3</b>	2,652	28,733	6,884	<b>38,269</b>
<b>Quarter 4</b>	20,277	20,858	25,177	<b>66,312</b>
<b>SECTOR TOTAL</b>	<b>48,648</b>	<b>64,860</b>	<b>42,062</b>	<b>155,570</b>
<b>Total represents 12.7% of 2008 job cuts (1,223,993)</b>				

Source: Challenger, Gray & Christmas, Inc.®



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## **ANNUAL TECH SECTOR JOB-CUT ANNOUNCEMENTS 2001 – 2008**

<b>2001</b>	695,581
<b>2002</b>	468,161
<b>2003</b>	228,325
<b>2004</b>	176,113
<b>2005</b>	174,744
<b>2006</b>	131,181
<b>2007</b>	107,295
<b>2008</b>	155,570

**Source: Challenger, Gray & Christmas, Inc.**

**Technical note: Adjustments made to Q3 2008 data lowered the originally-reported 2008 total of 186,955 to 155,570.**