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Xbox 360
Microsoft

\$1 Billion Worth of Xbox 360 Failures

But it could go as high as \$1.15 billion

Microsoft has announced the expansion of the warranty coverage for the latest version of its console in order to try and manage no less than \$1 billion worth of Xbox 360 failures. The pretax charge on the quarter ended on June 30 will amount to a hit of \$1.05 billion to \$1.15 billion. Microsoft's new warranty measures for the Xbox 360 come as a natural consequence of large scale hardware failures reported by users. The Redmond company informed that three flashing red lights general hardware failures will be the source of an expansion of the warranty for no less than a three year warranty counting from the moment of the initial purchase. "The majority of Xbox 360 owners are having a great experience with their console and have from day one. But, this problem has caused frustration for some of our customers and for that, we sincerely apologize," said Robbie Bach, president of Microsoft's Entertainment & Devices Division. "We value our community tremendously and look at this as an investment in our customer base. We look forward to great things to come." Both existing and new customers of Microsoft's consoles will enjoy the benefits delivered by the extended warranty. The Redmond company acknowledged what it referred to as "an unacceptable number of repairs to Xbox 360 consoles" and revealed that investigations into the nature of the failures highlighted not one but multiple causes for the problems. At this time, Microsoft estimates that costs of repairs will not be larger than \$1.15 billion. "While we will still have a general one year console warranty (two years in some countries), we are announcing today a three-year warranty that covers any console that displays a three flashing red lights error message. If a customer has an issue indicated by the three flashing red lights, Microsoft will repair the console free of charge-including shipping-for three years from the console's purchase date. We will also retroactively reimburse any of you who paid for repairs related to problems indicated by this error message in the past. In doing so, Microsoft stands behind its products and takes responsibility to ensure that every Xbox 360 console owner continues to have a fantastic gaming experience," explained Peter Moore, Corporate Vice President, Interactive Entertainment Business, Entertainment and Devices Division.