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EA to close 15 studios after \$641 million loss

1100 jobs now expected to go

by Verity Burns published on 4 February 2009

Electronic Arts has reported a \$641 million loss in its latest quarterly results, a huge jump from the \$33 million loss recorded for the same period last year.

As a result, the company has announced it will close 12 of its facilities, and increase redundancy levels from 10% to 11% of its staff - around 1100 jobs.

Eric Brown, chief financial officer said: "This includes headcount at all levels; staff, managers, directors, and VPs and above, and across all functions and geographies".

"Most of the reductions are in high cost locations. We expect three quarters of the reduction to be completed by fiscal year end. We are also eliminating myriad increases in fiscal 10. We continue to take advantage of low-cost locations".

He added: "At the end of FY09, we expect to have 19 per cent of our employees in low-cost locations versus 13 per cent a year ago".

As for its games, it's expected that its portfolio of titles will be reduced to just 50 in the 2010 financial year.

Revenue for the quarter was up 10% to \$1.65 billion, but holiday sales still came in below expectations, which has caused the company to reduce its financial outlook for fiscal 2009.

EA CEO John Riccitiello has assured gamers that the plan is to keep quality high while delivering "more profitability".

Brown added: "Given our recent performance and the current economic environment, we are aligning our cost structure with a lower projection



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of revenue, resulting in approximately \$500 million of operating expense reductions in fiscal 2010 as compared with our previous plans".