
— PARTICIPANTS

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— MANAGEMENT DISCUSSION SECTION

Rob Sison, Vice President-Investor Relations

Good morning and welcome to the Electronic Arts Investor Breakfast. I'm Rob Sison, the Vice President of Investor Relations, I mean, for Electronic Arts. The following presentation and panel discussion may contain forward-looking statements which involve risks and uncertainties such that actual results may differ materially from expectations. As such please note the Safe Harbor statement on the screen and risk factors and Form 10-K for the year ended March 31, 2012, which is on file with the SEC.

With that, let me introduce John Riccitiello, our CEO. John?

John S. Riccitiello, Chief Executive Officer & Director

So, good morning, everybody. So first up I'm joined today by what I think is the best management team in the industry. Floating around there somewhere are most of the executive teams. Kristian Segerstrale here, Rajat Taneja, respectively EVP-Digital and our CTO; Gabrielle Toledano, HR; Joel Linzner, who runs Legal & Business Affairs; the President of our Labels, Frank Gibeau; Andrew Wilson here who runs our SPORTS label; I think Patrick Soderlund out there who runs our Games Label; Peter Moore, our Chief Operating Officer. And I think Lucy Bradshaw, I saw you, are you out there somewhere? Raise your hand. There she is, who runs the Maxis label. So an incredible team and we're all here to answer to your questions.

Now, I'm going to start today with just a quick review. Monday, I think you saw – Nancy Smith here as well and Laura Miele, who runs Marketing. Nancy has our Global Publishing organization. All here to answer your questions. So if you were at our event on Monday, you will have seen 10 great brands being projected across the smartest platform play that we can imagine for our brand. We're incredibly proud of that.

At the core of our business frankly are our brands. It is why we're here, making better interactive entertainment than anybody else in the industry. Ultimately, that is the value of our business. But today, we are going to go very deep on the second of our strategies, our platform strategy. And this is something that you could almost wonder why we're going to share this much information on a public forum. Frankly, we are going to go deeper than you've ever seen before.

We think it's important for you to understand where we're going in the company. We think this is the fundamental value differentiator for us as a company. And frankly, we're confident and comfortable going public with some of this information because we don't think, frankly, our competitors could copy these strategies if they wanted to. So we're quite comfortable where we're going.

Now before we get into that, I want to just pick up where we left you all in terms of our last earnings call. And these are numbers that I think any CEO would be justifiably proud of. I know that I am. Look at the numbers up there. We've got a multi-year 35% CAGR on EPS. We have a 40% CAGR on our digital revenue growth. The gross profit increases and the revenue per brand moving up and to the right in a very, very, very sharp way.

Another one of our executives, Dave DeMartini, who I missed in the light, runs Origin.

But all of these numbers are fantastic and they are being achieved frankly, despite some pretty strong headwinds in the industry. This may not be the way you folks look at our data industry wide, but it is how we look at it. And what you see on the slide behind me is a composite of the various types of business model or revenue that exist in the industry, low definition or standard def console, high definition console, the digital revenue streams associated with console and then a composite of mobile, social, direct to consumer channel that exist.

And as you can see after some very sharp growth, what happened was, is the overall industry the last couple of years has flattened considerably. It's flattened considerably and if you can follow that green line down, it's a function of the fact that the packaged goods industry is weak.

So, I think there's probably no one in the room who doesn't know that. So, the packaged goods industry has been tough for the last couple of years. And frankly, it's pretty impressive that we've been achieving through this timeframe a 6% top line CAGR and strong bottom lines earnings, despite these types of trends.

Now, here is a slide for those of you that have been in the industry for more than a year. I've been at it for a very long time. It's a slide about the console business that we should refresh our memories with because it is a pattern that has occurred over and over and over again, and one we expect to occur yet again. But there is one nuance that is unusual.

What we've seen, if you – the red cycle, for the moment think about it as Gen 1 of the PlayStation. There were cycles before this as well, but Gen 1, Gen 2, Gen 3. And each of the cycles has managed to generate higher household penetration and ultimately a much larger multiyear business than the cycle that predated it. What is unusual about the cycle is this is a five-year cycle, five-year cycle. If you go back, there were four to five-year cycles, many in a row. This current cycle is longer than any cycle that pre-dated it by a couple of years, so we've had a longer downtime, if you will, relative to the business associated with consoles than in any time in history. And it has a lot to do with the cycle having been extended by two more years versus prior cycles.

What we are firm believers in at Electronic Arts is we are now starting, with the Wii U, to see the beginning of the next cycle. Now we have information that all of you don't have. We obviously, we don't show up on stage with a company like Apple with the iPhone with content on the very first day because they introduce us to a platform that morning and we write the software between say 8 AM and 11 AM. We have an early view as to what's coming and we prepare for that. And ditto with consoles and we've got good visibility and we have a strong belief that we're leading into yet another growth cycle.

So our view is that the industry is going to shift. What was console weakness married to pure digital revenue streams growing, if you will, a headwind and a tailwind simultaneously, is going to start to look in the coming year or so like a growth business added to a growth business. And we think that's very positive for the industry. We think it's also very positive for companies situated like we are, where we could take advantage of that.

Now I'm going to show you something that looks like a sort of a graphic trick with no real point, but there is a point. What we've done from calendar 2011 to calendar 2015 is we've made two points

that I think you should think deeply about. The first one, pretty straight forward, if you had a tailwind or a headwind on console and it becomes a tailwind, that's a positive. The second thing to observe here is all of those different sectors, EA is alone in having leadership positions in all of the sectors. And so, when all of the sectors are positive, we're uniquely positioned to take advantage of the market dynamic.

But we did something here as I blurred these together because one thing that's happening and I think it's undeniable is the small screen in your pocket, the mid-sized screen that most of you have on the table, the large screen, the best entertainment device in your home, the television are all being used in very similar ways for the entertainment of the consumer.

And the best companies are taking advantage not of just one, the small screen, say some of the Japanese mobile companies or some of our direct competitors that work only on social take advantage of that middle screen but not so much on the small screen or the larger screen or the larger screen, competitors of ours like an Activision or a Take-Two where they're more concentrated solely on the larger screen. Consumers are accessing their content from all angles.

And think about what we presented to you Monday on FIFA where we showed you how the consumer is interacting with our software simultaneously from multiple devices, multiple services and driving ARPU. That is a fundamental view of the industry and we're going to lay that out today relative to what we're going to describe in platform and our digital service strategy. So we think what was a headwind becomes a tailwind and it uniquely benefits Electronic Arts.

Now with that, I'd like to start to define two words, two words that I think have been misused and misunderstood in pretty profound ways and try to lay that out for you. The first of them is the word digital. Now, what do I mean when I say digital? And interestingly, so many people really ask that question. So when I say digital, I mean digital service. So I loved Avatar. It was a great movie, but it was a one-and-done business model for the consumer and for the studio that released it.

If you think about Netflix, it trades in the same kind of properties except that's an ongoing revenue streams that adds value for the consumer month in and month out and value for the investor month in and month out. If you will, movies go from being an individual product to being a service. Think of your favorite album, you typically buy it once or at least as you might buy two or three songs off of it once. The services that are driving the most shareholder value are generating revenue month in and month out with the consumer, providing a service month in and month out with the consumer.

Think about our history in packaged goods. Whether it's FIFA or Madden or Need for Speed or Battlefield, historically, years gone by, 2008, 2009 nearly 100% of our revenue with a one-and-done revenue model, virtually everything. And I mean virtually everything today generates ongoing revenue for us and the fastest growing part of our business is the ongoing revenue, not the one-and-done sale that occurs when we launch packaged goods.

What I mean when I say digital is the shift from being a one-and-done seller to the seller of the service, the seller of the service that adds value to the consumer on an ongoing basis and adds value for us as a business and for you as a shareholder. It is a fundamental transformation and one really EA is chasing and delivering on in a unique way.

The second word that I'd like to define a little bit better is platform. It's actually hard to find a company in technology that doesn't describe their business as a platform. So let me try to be a little precise what I mean by platform. Now, we work with all of the businesses on the left up here or, yeah, to your left. Facebook, it's a platform. We work deeply and closely obviously with Microsoft and Sony and Nintendo, and also with a number of other companies that make and reach a lot of consumers.

What happens on these platforms? Content discovery, the consumer knows who they are. They have the unique identity on these platforms. They often transact. They trust them with their credit card information. A platform most often is a content delivery service, a social service, a unique identity with the consumer, sometimes merchandising, sometimes content discovery. That is essentially, at its core, what a platform provides. Many companies try to get there, very few actually get there.

Now at Electronic Arts, we've talked about a lot of things that have the characteristics of the platform. Playfish, Origin, Pogo, Play4Free, PopCap, they do a lot of these things and we've talked about our Nucleus service and the many hundreds of millions of users that are involved in that, the number of users that have got Origin. We have more, by far, more point of sale points to Origin than all retailers in the world combined. It's a very important observation. Those are characteristics of the platform.

What you are going to see and hear from Rajat and Kristian in a few moments is that, at Electronic Arts, all of this is being fused and what will arrive in the coming year or so is the recognition that all of these things add up to our fundamental platform that is both cross property, cross platform, cross business model. And therein lies huge value for Electronic Arts.

Now my colleagues, Kristian and Rajat are about to give you some deep and rich examples of what we mean and how we're building it. And with that, I'd like to try to introduce them really quickly. Now first up is Rajat. Rajat is our Chief Technology Officer. Rajat is 15 years at Microsoft. He ran the entire backend for their company. And what I mean by the entire backend, I mean all of it, from Xbox Live through to their Office suite 365, from Bing to SQL Server. It's one of the biggest backend platform service providers on the planet and one that provides a great service.

Kristian Segerstrale is our EVP-Digital. Kristian comes to us, if you will, born in the digital era, one of the founders of Glu or co-founders of Glu, which was an early digital service for mobile content, and then ultimately a founder of Playfish, where deep and steep in digital analytics, digital content delivery, digital content creation and ultimately the service layer that matters so much to us. They bring a lot to our company and they join an already very strong management team.

And with that, I will turn it over to Rajat.

Rajat Taneja, Chief Technology Officer

Thank you, John. Good morning. I'm delighted to have the opportunity to talk to you about EA's digital platform and our investments in this critical area. Let me begin with a simple statement of fact. At the heart of EA lies our most powerful asset, our brands. It is these brands that attract gamers to us and it is these gamers who, for us as a company, are our reason for being. As a technologist, I'm in awe of my creative colleagues. Coupling these brands with a powerful, world-class, robust platform will enable EA to have an extraordinary business in the years to come.

I'd like to begin to talk about the platform with a review of a few secular trends that we deeply believe in and that inform the what and the how of our architecture. More devices now have CPUs and GPUs, making them great gaming systems. More consumers now have multiple devices and more of these devices are connected to the Web. So transparent gameplay continues and contiguous gameplay has become a necessity in the space.

Gaming is also all about multi-user and online experience now. It is about friends and like-minded community, so having friends in separate islands is no longer acceptable. Thirdly, gaming has become global. It showcases the Flat Earth model. So games have to recognize the unique needs of these new geographies. Games have to think global, but act local. It is not just about a multi-currency price list, it is about recognizing and respecting local tender types and local business

models. For example, [indiscernible] (15:32) in Brazil, Kongoni in Japan, IVR, global operator billing, micro transactions, to name a few. One size doesn't fit all anymore.

Over the next few minutes, I'd like share with you the strategy that EA has to embrace these secular trends and build a sustainable competitive advantage.

So what's the platform? Our platform strategy is very clear. It is, as John mentioned, to have a single backend set of horizontal software services that any game can access and manifest a number of capabilities that are consistent and congruent. It has a number of features. They are over 100. I'm going to talk about six in particular that are the top order bed.

The first and most fundamental one of these is the notion of a single identity. This is at the core. This is the fulcrum. It is how we recognize a gamer who enters into a EA game from any network, whether it is a console, a PC, social network or mobile. We are completely re-architecting the underlying plumbing to do that. We are moving to a notion of federation. We are separating identifiers from identity, and this will allow us to recognize our gamers and tie their experiences together, no matter how they chose to enter into an EA game. Across EA, we will have a single and consolidated view of our consumer and every interaction with them, whether in the game or outside the game, we're being formed by that.

Second, we are building a direct billing relationship with our consumers that will be flexible and respect their commercial preference. And we will maintain their credentials across all our gaming properties opening up a number of new scenarios where we can share things like a wallet and stored value so that it's easier for them to enter into a commercial transaction inside the game or outside the game.

Third, with our unique ability to know our consumers across all devices, we are building portability of the networks. The social networks, whether it's on the contact list from Origin, from Facebook or from the phone, we will be able to maintain that portability across all their experiences.

Fourth, we are building the notion of persistence and this is key. The platform will store user data, state gameplay data, eventing, achievements, teams in the cloud so that we can provision them wherever they want to consume that game in milliseconds and be able to have a very continuous and very nice experience for them.

Fifth, we are building scale, security, performance and reliability into every line of code we build. There is a new performance bar in an always connected digital world, but digital infrastructure has to emulate the best of the best. Four nines of up time, high performance, low latencies and very secure environment, and that's a fundamental tenant of our architecture and what we are building.

And all of the above, we'll make possible those experiences that are tailored beautifully to each device and enable consumption across them at any time. From consuming it on a big screen TV with all the high production aesthetics of sound and animation and physics, all the way to the mobile experience, social experience and on the PC to the browser.

Some of these things may seem unnecessary to some of you. You might think that gamers are used to have networks fail, accounts hijacked, multiple logins, to have to restart the game if the battery dies and hours of gameplay data is lost. They're used to having multiple credentials for credit cards and others entered again, again in the game. If they are in a international location, they are used to having a transaction fee and exchange rate added on to their transactions with the companies. We don't think so.

In fact, we are convinced that the rising expectations of the new and existing gamers will make our approach not just a nice to have, but a must have. So this is hard and non-trivial. It requires world-class engineering and gold standard architecture design and execution. We are well underway. We

are not starting from scratch. As John showed, we have a number of building blocks that we're using and we're releasing code into production on a weekly, monthly and a quarterly basis. So we're hitting the ground running.

Our architecture itself is built on a very modern service oriented model. It is componentized and layered, which means a game can quickly connect and manifest its capabilities in a very consistent and congruent way. It is multi-tenanted. It has got virtualization built in. and the basic architectures of sharding, replications and redundancies that is needed in an always-connected digital environment.

There are several pieces to our technical architecture. The first one is the commerce engine that has the notion of authentication, authorization, entitlements, provisioning. It has a catalog of the business models, both inside the game and outside the game where they're interacting with us, looking at our games, looking at the recommendations and downloading them. It also has settlement, risk management, fraud management and payment processing that is global.

The second large component of our architecture is a data pipeline. At EA, we have over 1 terabyte of gameplay in eventing data. That's 1 million gigabytes of data. This data has to be connected so that we can get the best intelligence out of it and personalize experiences.

We are building a brand new data pipeline in the way we ingest, store, process, analyze and consume this data in real time or near real time, in session when the gameplay is happening and outside of gameplay when we're interacting and supporting marketing activities with our gamers. This is fairly complicated and has got a lot of science and sophistication to it. We're applying machine-learning techniques and we're already seeing huge uplifts when we plug those in.

The third and another critical part of our platform is the set of shared technology that will form the marketing system and enable us to manage the games and live operations. These include a new eventing and notification system, real-time customization capabilities with our gamers in a very sophisticated manner.

The fourth piece of the platform that you're probably the most familiar with are shared game technologies and services that are used both to construct the game like the physics, the audio, the animation and consistent services that are called by the game to provide congruency across all the properties like friends, chat, leaders, lobbies, et cetera.

Our final investment in the platform revolves around our operational and infrastructure footprint. This includes the design and management of our machines, of our racks. It includes how we design a public and private cloud, how we look at our Edge and content network. It looks at how we do virtualization of our systems and how we build in both scale and elasticity across all our properties and gain economies of scale and are able to have very high performance systems that's always on in our topologies four nines going to five nines.

To summarize, our platform is making possible gaming scenarios that were in the past unthinkable, enabling every brand to create an orbit across any smart device and tie them together with a cloud service. Each franchise, each property will be able to maintain an ongoing relationship with their consumer, eliminating the need for cost and re-acquisition, transferring achievements, level, teams and identify from one year to the next. The consumer benefits tremendously with their gameplay and achievements and progress seamlessly transferred to new versions year-after-year.

This happens across all devices and it will also connect between games, differentiating us from anybody else in the industry and creates a virtuous cycle of a deep and engaging relationship with our consumers inside the EA Network. Given our IP brand assets, we are confident this is a strategy that will not be replicable by anybody out there. The investments we are making in the

platform and the resulting new capabilities that we're enabling will also have a profound impact on our P&L.

Our digital online cost of revenue is a key metric that we manage and measure and benchmark very carefully, and we're amongst the best in our industry. But we are continuing to gain economies of scale with the investments we are making and we will start seeing a number of cost reductions happening as a result of this. Two examples are the consolidation of the architectures of our datacenters and the ability to manage payments and transactions across all of our properties.

In addition, we're also going to be able to see a number of new scenarios that will be possible on the revenue side with the technologies that Kristian will talk about in a few minutes, the way we are managing the marketing, the engagement, recommendations and upgrades for our consumers, both when they are playing the game year-after-year and into different games that they interact with us.

So with that, I'd like to introduce you to Kristian Segerstrale who will talk about how we are using the platform in action.

Kristian Segerstråle, Executive Vice President-Digital

Thank you, Rajat. So you heard this morning from John about the high level marketing or market trends rather. You heard from Rajat about the technologies that we are building and the fundamental capabilities of the company that are coming online, partially are already online, but are coming online increasingly over the coming quarters. And you also saw this Monday the press events where we walked through the awesome games that we are launching this year, and those of you who paid attention would have seen the features, the connected features, the multi-screen features that are already in place in those games.

So, let me now try and tie that together and show you how we are aggressive in transforming how we go to market as a company, how we think about our relationship with the consumer, and how we think about operating the business in a digital world where we are a digital service business.

I've been doing this, if you like, being at the forefront of the digital transformation for games for the past 11 years, six years in mobile games, four years as the Chief Executive of Playfish in social games. And I can tell you right now, to me, the most pivotal time that we've been in the games industry we have seen has started. It is all coming together. The innovations that have happened in mobile, that have happened in social which are happening on console right now are all coming together to fundamentally revolutionize what this industry is about.

And that's the what we are building towards and that's frankly why I'm so excited to be in this industry right now, why I'm so excited to be at Electronic Arts because unlike any other company, we have the universal brands. We have the creative talents that can translates those brands into awesome experiences for consumers. We have the platform talent to build the underlying experience, or if you like, the underlying technology to enable us to build those experiences over time. And that to me is incredibly exciting.

So let me talk to you a little bit about the transformation overall at the high level and then I'll get into details in a second. We are essentially transforming from being a fast moving consumer goods industry that ships discs through retail stores into being a digital engagement industry that fundamentally worries about how do we acquire consumers into our network of experiences, how do we engage our consumers within a specific franchise and across our franchises and ultimately how do we generate ongoing engagement, ongoing value for our consumers in such a way that translates into ongoing monetization?

This transformation has a profound impact on how we run the business. It changes everything and this is a change that's already been ongoing for a while and it only keeps accelerating. It changes fundamentally how we design our game because no longer are we designing purely immersive, standalone experiences that we put on a disc that then we effectively forget about once they ship through the shop. We actually design for ongoing engagement.

All of those announcements you saw this Monday when you heard Andrew talk about FIFA or you head Patrick talk about Battlefield, it's really all about the ongoing engagement, the ongoing service, how we can create experiences which change, which evolve, where we can listen to our consumers, we can react to their changing needs in such a way as to keep it fresh all the time. Fundamentally, different designing challenge.

It also changes how we think about monetization because before when we ship the disc, the monetization event was tied directly to the distribution event. You paid for the disc, you took it home. That was monetization done for us. We now have the opportunity to build monetization thereafter if you like. We now have an opportunity to continue to build value post that initial download or the initial purchase if you like of the disc.

We can generate ongoing value, generate new interesting things for our consumers to purchase inside the games. That requires again a different approach to thinking about design and thinking about how our experiences evolve. And thirdly, how we bring our products to market, how we talk to the consumer, how we generate awareness, how we ultimately bring consumers into a network changes radically.

I'm going to talk about all these three things in a little bit more detail. Let me use of FIFA 12 as an example. FIFA 12 to-date has sold about 11 million units, which in itself is an awesome number. It's our biggest FIFA ever. But that's not actually what we look at internally as a business. That's actually not the most important metric for us right now.

Our most important metric are around engagements and monetization. In fact, the top graph that you can see here shows you that FIFA 12 since launch, these are engagement numbers since launch, weekly engagement is between four and five million players engaging with the franchisee in any given week. And that is purely HD platforms in the West. Note this excludes social, excludes mobile, excludes Japan, if you like, FIFA's a world-class soccer which is being very successful out there. This is purely HD platforms in the West.

And using this to illustrate how the console business today is already a service business, and what to me is so awesome about what the FIFA team have done, not just being to sell 11 million units, but to keep that engagement of players all of the way through, if you like, since launch by releasing more than 100 content updates inside the game since launch. So we've been to able to sustain engagement in that way, analyzing more than a billion data points a day, understanding the consumers, profoundly understanding what's driving their gameplay and helping refresh their content all the time.

The bottom line that you can see here shows monetization. That shows how many of those engaged consumers chose to make a real world, if you like, money transaction inside of the game in any given week. That number is between 150,000 and 300,000 people in any given week since March. That's amazing.

And if you look at some of the bigger updates, if you like, that the team did from the start, these are just the big ones. There's lots and lots of little ones along the way. You can see how these live operations, events that we're generating inside the game, fundamentally drive both engagement and monetization. And to give you a sense of scale here, of FIFA 12's revenue to-date, around 20% has been generated through live services like this so, if you like, transactions post original purchase.

And that is today frankly it's impressive, but it's also just scratching the surface of what is possible. For one, that number keeps on growing every day. And secondly, with the capabilities that we are bringing online through Rajat's engineering team, they fundamentally improve the tools and our understanding of the consumer and the ability to engage that consumer for longer and more effectively over time.

So those are kind of the numbers. How does this actually translate into some of the design? Well, FIFA in particular, this is a screenshot of FIFA Ultimate Team, a game mode inside of FIFA 12. And then by the way, I'm speaking FIFA just because it's a – we made some announcements about it on Monday. There's a lot of good examples to talk about, but this is exactly how we look at Battlefield. This is exactly how we look at The Sims, how we look at SimCity, how we look at all of our key franchises. And there are similar if you like examples available for those.

Well, what this shows is that the designs in the game really are fundamentally tailored toward engagement, toward monetization, toward acquisition, if you like, even encouraging our players to invite their friends to come and play the game. And that learning, if you like, that the teams have gone through over the past couple of years has made us very sophisticated not just, if you like, in our demands of what the technology needs to deliver to be able to deliver truly engaging multiplatform services moving forward.

In fact, to me, one of the most exciting announcements about FIFA 13 that Andrew's team made on Monday is the fact that not only do we have a PC companion for the game, but we will also have iPhone companion for FIFA Ultimate Team, which means that these players who are already so engaged in PC can now be engaged across multiple screens.

We know from our data that the more screens our consumers engage with us through, the more engaged they are overall in terms of minutes, if you like, and the more valuable they ultimately are for us as a company. So we are very big believers that extending experiences across multiple screens and providing our consumers with touchpoints through our brands everywhere is very, very important.

So how we make our games and how we manage them, fundamentally transforming, they are services already with the capabilities that are coming live through the platform. Our ability to manage those services becomes infinitely more powerful. We understand our consumers more profoundly. We can target our messaging to the consumers far better and we can ultimately deliver more fun. That's what it's ultimately about, delivering more tools to our superstars, the creatives, to be able to create more engaging more interesting art to the consumers.

So let me shift here and talk about bringing products to market because this transformation is equally fundamental. We go from a world where sometime in the past it was really all about the physical bucks in the store and a bunch of TV advertising frankly. What EA has done so well – what you, for example, saw in the Battlefield campaign last year was how aggressively we've already shifted both towards digital channels and towards digital marketing methods going to market.

This is profound because as we move from physical channels to digital channels, there is a 15%, on average, 15% increase in our gross margin. Let me say that again. When we move from physical channels to digital channels, on average, we increase our gross margin by more than or around 15%. To give you an example, Battlefield, the PC game, if we ship it through a physical retailer, our average gross margin would be about 70%. The same box, if you like, so the same experience, shipped through our Origin service, provides around a 90% gross margin. That gives you an illustration of where that gross margin increase comes from.

The second thing about digital channel that is exciting is that we can fundamentally reach more consumers. We can reach far more consumers online through digital channels and direct-to-

consumer acquisition activities than we are able to get people into stores. So we actually increase our potential distribution footprint out there. And the third thing that's interesting is that as we are able to move from mass media to an increased reliance, if you like, a far heavier reliance on data driven digital acquisition efforts online, we fundamentally increase the leverage of our marketing dollars. We actually can reduce our acquisition costs and subsequently, if you like, acquire more consumers for the same budget or the same amount of consumers for a considerably lower budget.

Again, the fundamental transformation is not something that we will start doing in the future. So we have themes we've already been doing for years, but where the data capabilities, the targeting capabilities that we are bringing online fundamentally enables us to really accelerate this transformation for the entire company.

The second thing that really changes in our marketing is our ability to leverage the network. And this, I believe, is actually going to be our most powerful marketing of all. Today, we have millions of consumers playing our games across all platforms. And really, it's only on the social and mobile platforms today that we service true opportunities for network engagement, where we actually service opportunities for players of one mega franchise to try out another one of our mega franchises. Today, we serve billions of impressions in mobile and social games of what I guess you could call cross promotion.

In the future, as all platforms go digital, as we're able to manage live services across all platforms, we are very focused on creating engaging experiences across our franchises where we can create a great reason for somebody who has already played through all the levels – who has already, if you like, played through the essence of a specific franchise who wants to play something new. The ability to go and with just a single play go through and play that franchise and get excited about what – trying out something different. That is for us a huge opportunity across the board. We know it works across social and mobile platforms, which are today probably the most digital platforms out there. And we're very excited about expanding that capability toward other platforms also. And fundamentally, again, we reduced our need to acquire entirely new consumers as we get better at providing reasons for our consumers to try out franchise after franchise after franchise in our own universe.

So from a consumer perspective, this vision to me is incredibly exciting. As I said from the start, all the innovations that we've seen separate in mobile and we've then seen separately in social is now coming together for the whole industry and are enabling us to be able to create these connected experiences between platforms, between franchises in a way that truly offer seamless gameplay anywhere, anytime for our consumers. As a gamer, it's incredibly exciting for me, the fact that I can pick up a game in the morning, I can play for a little bit, I can take a break at work, play a different game. You recognize where my achievement, having a persistent state in the server, feeling like I'm truly being recognized and rewarded for all the engagements that I had through all these different games.

For example, even today, the simple example of being able to carry through my achievements for FIFA 12 to FIFA 13 is an enormous relief for me personally because that means I don't have to work through all the stuff again unless you're recognized for it, which is great. So that's exciting to me as a consumer, but for me as a shareholder, this is also equally exciting. I walked through some of these numbers already, but let me repeat them again. As we go through this transformation, the opportunity for leverage is enormous. Not only can we reach more consumers through digital channels, but fundamentally, as we shift from physical to digital channels, our gross margins increases on average by more than 15%.

Our marketing spend becomes far more expected because we are able to microtarget consumer basis. We're able to operate data driven acquisition activities, and we actually fundamentally need to acquire fewer consumers because we get better at engaging, prodding these engaging experiences between our franchises as opposed to having single fire-and-forget experiences for

our consumers. And finally, now that we are able to generate value post purchase for our consumers and we're able to build that fully loaded and – sorry, the smooth engagement curves that you saw in FIFA and that we are creating across all of our franchises and the ongoing monetization, that provides an ability for us to significantly increase our revenue over time for franchise.

And those four things to me are incredibly exciting. So not only is the industry in a place where I believe the industry is about to unlock value overall through the tailwind that we are about to get from the next generation of consoles. Not only do I believe that we, as a company, are uniquely placed to capitalize on this opportunity because frankly, we are already doing it today. We made a number of strategic acquisitions in this area. Our teams are incredibly switched on about this, across the board, but for me, really what it is all about is fundamentally tying this revolution together into fundamentally awesome consumer experiences, which ultimately get our consumers to choose our experiences over those of our competition.

And with that, let me hand you back over to John to conclude and to take some Q&A.

John S. Riccitiello, Chief Executive Officer & Director

So we're going to go pretty quick in the Q&A, and several of the executives of the team are going to join me up on the stage and so we can have whoever is coming up, come on up. I also noticed in the blinding light also Mr. Ken Barker who is going to join us on stage, acting CFO, Chief Accounting Officer and all of the great executives form part of the team.

So we're going to go into Q&A. Just a quick recap, Monday, you saw our brands, [ph] C. J. Hoag, (42:05) I keep finding more people in the light out there. Monday, you saw great brands, great content, projected across multiple third party platforms. Today, we talked about how our own investment and platform is going to be transformative for EA going forward both to drive top line and to drive bottom line.

And with that, we would be happy to take any and all of your questions. And if it's a question through some in the audience and one of our executives that didn't come up on the desk right now, we'll get the questions to them.

So up here, we have Frank Gibeau who's President of our Labels. Peter Moore, Rajat and Kristian, Gabby, Rodney, Joel runs our Business & Legal Affairs, Ken Barker. I'll keep following up, point questions to the right folk. So questions?

QUESTION AND ANSWER SECTION

<A – John Riccitiello – Electronic Arts, Inc.>: Yeah.

<A – Rob Sison – Electronic Arts, Inc.>: Please go ahead.

<A – John Riccitiello – Electronic Arts, Inc.>: So we have a mic? Here we go, begin walking around.

<Q>: Good morning. Great presentation by the way. Thank you for sharing these details. One question, when games are moving from product to services, do you expect the number of services that a gamer or a user can consume will be lower than what the number of products they consumed in the past? In other words...

<A – John Riccitiello – Electronic Arts, Inc.>: I'm sorry. I don't know if anybody else is hearing you, but I'm not hearing...

<Q>: Okay. Can you hear me now?

<A – John Riccitiello – Electronic Arts, Inc.>: Yeah.

<Q>: Okay. Perfect. My question was as games are moving from product to services, do you expect the number of gaming services will reduce per user compared to number of games a user consumed as a product? In other words, when you are talking about FIFA as a service and that engagement is going up, does that mean that the competition for that user's hour is going to cannibalize some of the other games that you might have?

<A – John Riccitiello – Electronic Arts, Inc.>: I didn't hear all that. Did anybody else hear all of that?

<A – Kenneth Barker – Electronic Arts, Inc.>: I heard the question. I'll try and take a shot at it. Basically, the question is are you seeing services crowd out at high ratios per customer. Are they playing fewer games as a result? And that's not borne out by the telemetry. Actually, if you look across the multi-screen products that we're putting out, from play-for-free games on a desktop to mobile to social inclusive of console, we're actually seeing players play more games. They're actually dabbling in more things, and with the advent of free-to-play models, it's a very easy access opportunity for customers. They can play more games more freely and engage in the behavior in a very different way. So that's borne out by our telemetry. So our belief is the game services will probably increase consumption because of the more access you have through free-to-play models, through multiple screen access, that accessibility drives further consumption and growth in terms of number of games per customer.

<A – John Riccitiello – Electronic Arts, Inc.>: And to add to that, one of the other things we're seeing is consumers – a couple of years ago, there's a fear that if a console user discovers a game on an iPad or they discover a game on social, ARPU goes down. All of our data show it's precisely the opposite, additive. We're seeing ARPU per user rise and rise dramatically. Next question?

<Q>: Good morning. My question is I'm having difficulty understanding as to your approach with digital because I look at it this way. Someone's paying \$60 for a game, why would they keep paying for digital services? So either way, they would either – the consumer would protest and want lower pricing for packaging or you're only going to be able to max out based on a hardcore gamer. So I'm trying to understand where is the middle ground, why are you playing with fire?

<A – John Riccitiello – Electronic Arts, Inc.>: So, I mean, Peter, you want to start with that?

<A – Peter Moore – Electronic Arts, Inc.>: Yeah, if I understood the question correctly, the belief is that \$60 is the max that the core gamer is willing to pay right now and anything on top of that is a challenge and becomes controversial, is that where you're going?

<Q>: Yes.

<A – Peter Moore – Electronic Arts, Inc.>: Okay. We have seen in the last few months' evidence that is actually not the case in any way. When we look at what we shipped on Mass Effect 3, our primary retailer in the North American market, GameStop, had a 40% high ratio on day one of DLC, a \$10 DLC pack as they walked in the store, laid down their \$60. And, in fact, we've got a \$70 sale for 40% of those consumers because they had downloadable content available to them in day one.

So if the value is there, and if the content is there and it's presented to them particularly when they're buying it on day one, we're seeing our ARPU on that user actually go up rather than come down. Yes, not everybody is going to buy that level of content on the first day, but we're seeing if we have the value proposition there, particularly in day one at retail, we're seeing the pickup being very, very strong.

You saw our announcement on Monday about Battlefield 3 Premium, which is a \$50 service that allows us to be able to bundle and provide content discounts as long as you pay us upfront for the Battlefield 3 Premium service. So our ability to be able to monetize our consumer with meaningful content grows rather than diminishes and actually, I think gamers welcome that.

<A – John Riccitiello – Electronic Arts, Inc.>: And if you take a look at our data, just a perspective, maybe Andrew could talk about this, our Head of Sports, but think about a market – so in the U.S. market, the Western market, all we're seeing is increase in ARPU consumers like. If they're consuming more, they're spending more.

But if you go to markets that have moved to digital earlier and been there longer, we used to do around \$25 million, \$26 million a year, [ph] Andrew, (47:20) in Korea on a packaged-goods model. The market blew through to a free-to-play model, purely digital, no upfront purchase. The gross revenue was about 26 – or rather the net revenue for us and our partner was about \$26 million. In the packaged-goods world, it's about \$90 million now on a free-to-play model. And what's happening is what they used to pay for once a year, now they pay for every day, but they pay for in smaller bites. And what we're finding is games are an unbelievably engaging experience. They play them a lot. They invest. It's more social. It's more connected. And consumers, interestingly enough, seem very happy to pay for it. We provide the service. They write the check.

<A – Peter Moore – Electronic Arts, Inc.>: And yeah, just to add three or two minutes to that. So a lot of it actually has to do with tapping into different consumer wants and needs. Having operated free-to-play businesses now for a number of years and we've done a lot of work in this area. So previously, as an industry, we're used to just sell content experiences, if you like, just sell the gameplay. Whereas now, we're able to offer things like personalization, being able to offer things like setting yourself apart in the community much like you would when you go shopping for fashion and clothes. You're also able to transact for things, which are important for you but might not be important for others in the game. For example, maybe you don't have as much time, if you like, to grind through something as some of your friends do. You want to take a shortcut in the game, again, another opportunity for value.

So I think – and every consumer is different, and one of the beautiful things about being able to operate a microtransactions business is to be able to understand the different needs and wants of different subsegments of consumers, and be able to offer interesting things that are of value for them specifically in the gameplay. So there's lots of reasons, if you like, to believe and [indiscernible] (49:02), if you like, but it's a very viable, very sustainable model.

<A – John Riccitiello – Electronic Arts, Inc.>: Yeah.

<Q>: Thanks, good morning. Two questions, if I may. First, John, last year, at E3, you came onstage during Nintendo's unveiling of the Wii U, and at this meeting, you actually [ph] assessing (49:22), go back and look at what you said, and you called it out. Is there something special that EA is doing with Nintendo? So we haven't had an update on that, if you can talk about what's going on with EA and the Wii U?

And then second question on digital, so one of the contracts there is going from the 200 million dedicated gamers to being able to address 2 billion connected consumers, but what we've seen so far is in that market, only 2% to maybe 10% go [ph] in the East, (49:52) will actually pay anything. So how do you sort of reconcile that sort of, there's massive opportunities and there's people, but the actual appetite for paying has been actually kind of underwhelming? Thanks.

<A – John Riccitiello – Electronic Arts, Inc.>: So I'll start with the first one because I was the guy on the stage at Nintendo. But, so look, what we're – we look at the Wii U launch, the [indiscernible] (50:13) at the event were very pleased that – I think the loudest applause was when Mass Effect 3 went up on the screen. We're very pleased that the audience, at least the audience here in Los Angeles, recognized that our single best piece of software was going to be available on the platform. Beyond that, I would also note that we are – there's a number of sports launches. We haven't made specific announcements. So we're going to be there and supporting them.

I'm going to just start on the second question, just a little bit and then ask my colleague to pick up. A moment ago, I mentioned Korea as an example. It's around 10% paying, Andrew? I think that's right. About 10% are paying, almost 400% lift in the business. And so yeah, it's 10% on any one title, but consumers are engaging in a snackfest across dozens of titles, and they're choosing to monetize in different ones.

And I would have to argue that the one thing that's going to rise over time is the take rate, if you will, the payers over player's ratio. Why is that going to rise? The biggest place people drop out is at the point of entering a credit card. And increasingly, consumers are – they have a storage value situation with Amazon, a stored value situation with Credits with Facebook, stored value situation with us, with Origin and some of our titles. And so we're basically removing that hurdle step by step, and we've seen the take rate in all markets where this model takes hold, rise and rise dramatically. I think that's going to continue, and we have a great opportunity. I think our team may want to add something to that.

<A – Kristian Segerstråle – Electronic Arts, Inc.>: I will start with it. So one way to think about it is to think that – if you think that with the model that was forming in the past where you've charged \$60 for a game, you're really able to, if you think of the demand curve and people's preference instead of how much of value they place on gaming, we're really only able to address one point, if you like, of that curve in terms of those folks, if you like, who value games worth more than \$60, if you like.

What we're able to do moving forward is both look at the folks who actually thought gaming is incredibly important. They value a lot of things, both inside of the game and outside of the game. We're able to provide ongoing value to that segment, if you like, of the market through added content or added personalization features and microtransactions within inside of the actual game, which addresses, if you like, the core market and creates further value inside of the core market.

And the second thing is then those people thought gaming isn't something they do 24/7, but they play on their mobile devices like in a more casual kind of way, if you like, we are able to provide more snackable experiences, if you like, which is very focused on engagement and partial monetization. You actually do find that the market is somewhat by model in the sense that there is actually a segment, if you like, in the casual games market, which is very prone to transact also, but

I don't think that the idea is to try to kind of get everybody to, if you like, when you call the statistics like what is the actual purchase conversion. What is incredibly important for us is to engage the largest possible user base, make sure that we can provide exactly the right level of value, if you like, to the right consumer in a way, which enables us both to address the core market in a better way as well as addressing the casual market in a better way. And that to me is actually an enormous source of growth for the whole industry and one that I think we are pretty well positioned to address.

<A – John Riccitiello – Electronic Arts, Inc.>: Here's one last way to think about that. If I have the numbers correctly, I think in fiscal 2008, we did about just over 16 titles. And we did a little over \$3 billion in revenue. In fiscal 2012, we had about a third as many titles, a little bit less. And we had \$4.2 billion of revenue. We had \$1 billion of digital revenue that were attributable to our historic intellectual property and about \$200 million for new acquired intellectual property. So think about that, 60 properties, \$3 billion in revenue, 20 properties \$4 billion in revenue. Something's actually happened and that was pretty cool, right so we can keep trying to mentally achieve the part that it's not working, but it works every single day, every bit of telemetry and information we have dropping all the way down to the bottom-line proves it every day, every example we have in Korea, Japan or China. I mean, we're going to monetize FIFA better on one mobile system operator on micro transactions than we ever did on the aggregation of \$59 packaged goods. We are already monetizing in Korea better than we did on packaged goods, we are already seeing more revenue per brand than anybody thought possible. When I told people and investors we're going to radically cut our title slate in 2008 and we're going to generate more revenue as a consequence, I mean, this audience back then thought I was crazy. But this is – it's not just a theory, it's in the P&L it's actually happening and we're seeing it every day. This is not a – it's so far beyond the theory. It's a fact.

There's been a question here for a long time in the front, we need a mic down here.

<A>: We're going to start over here... [indiscernible] (55:11)

<A – John Riccitiello – Electronic Arts, Inc.>: All right, okay.

<Q>: It's about two revenue streams I don't think you addressed. One on more mature advertising [ph] in short (55:17) digital has been depressed. What's your outlook on that? And secondarily something newer, secondary markets, and how these might play out in emerging regions that type of thing. I'd like to hear more about that.

<A – Peter Moore – Electronic Arts, Inc.>: So let me take the first question on advertising, we've built a group within EA under the leadership of Dave Madden, who many of you may know from his WildTangent days. I've known Dave for many, many years going back to my Reebok days and one of the best advertising executives in the industry. Dave and I are working together to be able to monetize the tens, if not hundreds of millions of people now that interact with EA. We're building automated network advertising programs. Over the last 48 hours, I've dealt with more of the world's global packaged goods companies, who have come into Electronic Arts, looking at our content, looking at our brands, working on our platform to say this is the way we want to interact with our consumer. Video is going to be a big part of what we're doing. As we watch the advertising space, pre-roll video is the future of advertising.

Also the concept that we deliver that no other advertising network like television or the movies can do is this idea of value exchange and by that, I mean watch our video, we'll give you something back in the form of digital objects. Talk to McDonald's, talk to Unilever, talk to any of the big three in Detroit right now, they're all working on EA games, interaction with Electronic Arts in our free-to-play games, our social network games, all the way to our console games, because we're providing the portal to the consumer that no other media can do right now from the perspective of being able

to deliver interaction rather than impression, engagement rather than simply throwing mud against the wall and hoping some of it sticks.

The big companies, the global companies are coming to us because not only can we deliver it regionally, we can deliver it globally in real time. It's dynamic as well as static within game. So we in particular can look at programs that start on a Monday, can go down to the zip code, can go down to the age and gender demographic, turn it off by Friday night if it's a movie launch and then start all over again the next week. So that element of what this industry can do and Electronic Arts in particular can do is now seen as a threat to television networks, obviously to print and even the buttons and banners that we've typically seen online. We deliver interaction engagement.

<Q>: [inaudible] (57:34)

<A – Peter Moore – Electronic Arts, Inc.>: Not that I would give you publicly, but we can talk about it as it becomes material to the company, which I think as we start to automate this and start looking at ourselves like a TV network looks at itself with automated advertising, we would go for that.

<A – John Riccitiello – Electronic Arts, Inc.>: Here's a couple of stats to frame it, I know Peter's being careful, and I'm not going to give away things that we sort of non-public information in this environment today. But when Kristian was talking about the ad impressions that we use ourselves to market to consumers and when – inside of our network, we're doing mid single-digit billions of impressions per month now in our network today. We're lighting up more consoles, more PC and more of our social products and our social and mobile games are rising dramatically. My personal belief is 5 billion, 4 billion, 6 billion impressions will double and triple.

And there's two uses of that inventory. We can use it to market other people's products or market our products. You may have noticed Game of Thrones up on Kristian's slide, people pay for that and they pay handsomely. Right now, it's a couple percentage points of our total revenue, but I think in time, it's going to continue to expand. And it's the only business we have that is actually 100% margin. So we really like 100% margin businesses.

<Q>: Secondary margins?

<A – Kenneth Barker – Electronic Arts, Inc.>: Yeah. I'll take that one. So the emerging market is a strategic initiative for us. It's very key for us to enter those. We have some very good success taking our play-for-free products into the emerging markets. Brazil and Russia as examples for Need for Speed World are top markets for that product line. Brands like the UFC, FIFA, those are all brands that work very strongly against that user base. And the key change in our business has been by moving to a content delivery model that allows us to monetize those products and the reach is the breakthrough idea. Our brands there are very well known, they've been pirated for decades in those markets. So we have very good brand awareness and by being able to get them the content in a manner that they can pay for, we're seeing great results and our play-for-free businesses are booming as a result.

<A – Rob Sison – Electronic Arts, Inc.>: Next question. I think we have time for a couple more.

<Q>: Quick question on the platform side. As you've seen a number of Internet companies over the past few years go into heavy investment mode when building out or re-architecting their platforms, how should we think about the cost to EA as you are building out this new platform, where are you in the lifecycle of building out the platform and when do you think that whole thing will be done?

<A – John Riccitiello – Electronic Arts, Inc.>: So the question is where we are in the lifecycle of sort of taking advantage of platforms?

<Q>: Where are you in the lifecycle of building out the platform?

<A – John Riccitiello – Electronic Arts, Inc.>: Rajat?

<A – Rajat Taneja – Electronic Arts, Inc.>: Yeah. So I can address that in a couple of ways. So first is we haven't added incremental costs in terms of resources to build what I talked about today. What we have done is consolidated our efforts with a clear vision and leveraging the building blocks that we already had in place and augmenting that. So EA has over the years received a number of assets from Playfish, from Pogo, from PopCap that we're able to build upon. The actual cost situation in the future will be less in the operation of our digital infrastructure as a result of the platform. So build cost is exactly what we had previously, but pulled together better and the run cost where we operate our infrastructure in the cloud in the future will actually go down as I explained earlier with a few of the examples around virtualization technologies, share topologies for our datacenters and what we're doing with payment processing and so on, risk management,

<A – John Riccitiello – Electronic Arts, Inc.>: Think of it this way. What most companies do and what we did historically is within every product team, and that could be a FIFA packaged goods game, it could be a Sims social game, they're essentially building the back-end services for their games inside the game team. So, they're technologists, they're buying servers, they're contracting server space with, say, an Amazon, or they're paying for bandwidth whatever they're doing, and we would try to aggregate buying power, get more servers from Dell, whatever. But they're essentially, I don't know, sort of working in an island, series of islands. And what that has meant, for example, is the server architecture is different from one system to the next, from one game to the next, very hard to re-use, et cetera.

What we've done at Electronic Arts is we've pulled essentially about 1,500 people out of our 9,000 people from the technology organizations that were previously distributed across lots and lots of teams across the company, consolidated them under Rajat, because we believe that a single identity for the user is much more efficient for the user, much better. We think a single design architecture for a lot of our backend services will get us from two nines to three nines, four nines, and now five nines because we can service it better, we won't get two hours of – for you to migrate a product from one to another. You won't get all the downtime for service, you won't have all the outages. We think a single billing system makes it much easier for the consumer.

We think a lot of these things actually not having development teams reinvent technology every time they come to market. And we actually find it amazing that our competitors are still doing it not some of our digital competitors, they know clearly [indiscernible] (01:02:50) things, but within one channel. What I find amazing is no one else is doing this cross-channel. And we think it is in fact the only way to build a great cross-channel business in the future and as I put up in my slide earlier, I think cross-channel is the only way to build a great entertainment business in the future. The idea you couldn't get the same intellectual property on your phone, as your pad and your console, on your PC, just to me is nuts.

<Q>: I have a question for Ken, in light of the macroeconomic conditions and perhaps more competition out there, I'm wondering if you can update us on the June quarter trends that you're seeing so far. And then I have a longer-term margin question for you guys, in light of the shift to digital, can we – maybe update us, could get an update on where the margins could be, say, in the next four to five years, where they are going?

<A – Kenneth Barker – Electronic Arts, Inc.>: For the quarter, we're not in a position to give Q1 guidance right now, but one thing I would like to highlight for you is one of our titles, a couple of titles, The Secret World was moved out of Q1 and into Q2 by Funcom, so while that has added stress on our revenue guidance and low single digit EPS impact, it's not enough for us to move our overall guidance.

<A – John Riccitiello – Electronic Arts, Inc.>: So long term-margins, great question, so for those of you who have been paying attention and I know looking out there, I know a number of people remember when I said this, about three years ago when we were in the low single digit margin structure at Electronic Arts, I painted a picture that said, fewer better bigger titles, getting started in digital, taking our cost down, I can see a clear path to mid to high teens. So and I said absent structural change in the industry. And as you notice, my guidance is in the low to mid teens this year. So we've made very, very steady products moving our gross profit up and our operating margins up, in each of the three successive years since I first said that.

My hope – I'm still very confident absent any sort of structural change we can continue to progress our margin structure. I frankly don't want to go beyond that other than to say this: that we are in fact seeing the structural change that I've anticipated back at that time to allow us to go much further. The shifts in what we are seeing and the structure of the industry and what we're able to do with platform to drive ARPU up and costs down can take us well beyond that. I don't have a specific guidance point to add to that. I'm not going to try to respond to that today. We give our guidance one year at a time, but in terms of my long-term ambition, we want to have a P&L that looks like a pure digital company and has the margin structure to go with it.

We want our business not to be cyclical, but to be consistent and up into the right with high top-line growth. We don't want to cycle down at the end of – individual console cycles. We want our business to be ratable and a much more valuable business than we've ever been in the past, and I mean against our – even our peak valuation. That's what we're driving towards. We think we're well on the way. There's clearly a bit of a disconnect out there between some valuation metrics that some investors are using. We think that represents great opportunity because we're in about the best position as we've ever been as a company and we think it gets better from here. And we've questions out there.

<Q>: Hi. I have the question regarding competition. So, as you make more of your revenues through post-sale revenue generation, meaning by monetizing the engagement part, the value of capturing more of the – more share of the 24 hours of the users becomes higher. Now, if you're well ahead of competition in pursuing that and it sounds like you are, would it make a viable option for you to lower the sales price, which is the initial hurdle for the users or are the physical retailer is still important for marketing and promotion, that you couldn't really differentiate pricing across between the digital retail sold games versus the still existing physical discs? You obviously don't want to lower prices too much, but – if that results in better unit sales out there and results in more hours spent on your games versus your competitor's games, is that an option at all?

<A – John Riccitiello – Electronic Arts, Inc.>: Very quickly, our fastest-growing revenue model right now is free-to-play. One way to think about free-to-play is when you had a \$59 game, you have a big mitigate to purchase. People, they're not going to write you a \$59 check, they can't come into the franchise. What we're seeing is a similar number of paying users to what we think that same product might ultimately have realized, if not more paying users, where the free users essentially triumph, like beta users. And once they transcend into the pay tier, they end-up paying as much or more as a packaged-good.

There's no question though that there's going to be different dynamics on different platforms. So Facebook is the world's biggest funnel, but people don't buy Facebook because they expect to pay for games. They trip across games. They end up with mid single-digit conversion of play to pay. When console users trip across Xbox Live or PSN et cetera, an incredibly high percentage of those users are willing to pack. And at this point, 100%, but my guess is it will always remain close to 100%, no matter what business models are deployed on console, because these users are users that have paid a couple of hundred, \$300 for a console and they're self-proclaimed gamers that are willing to lift up their high-definition television set put a box underneath it. So I think we're going to see different channels behave differently, and you'll clearly see evolving business models. We're in a nice position, and we're almost the only company that can deploy all these various business

models and feel that we can manage consumers with higher ARPU, higher margin for us. That's what all the data show so far, and we expect that can continue.

Are we out of time, [ph] Jeff (01:09:06)?

Unverified Participant

Yeah.

John S. Riccitiello, Chief Executive Officer & Director

All right. So, thanks everyone for coming out. Enjoy the rest of the show.

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