

THOMSON REUTERS STREETEVENTS

EDITED TRANSCRIPT

EA - Q3 2012 ELECTRONIC ARTS INC. EARNINGS CONFERENCE CALL

EVENT DATE/TIME: FEBRUARY 01, 2012 / 10:00PM GMT

OVERVIEW:

EA reported 3Q12 total GAAP revenue of \$1.061b and GAAP loss per share of \$0.62. Expects 4Q12 GAAP net revenue to be approx. \$1.425-1.475b and GAAP diluted EPS to be \$1.45-1.59.



CORPORATE PARTICIPANTS

Rob Sison *Electronic Arts Inc. - VP IR*

John Riccitiello *Electronic Arts Inc. - CEO*

Eric Brown *Electronic Arts Inc. - EVP, CFO*

Frank Gibeau *Electronic Arts Inc. - President EA Labels*

Peter Moore *Electronic Arts Inc. - COO*

CONFERENCE CALL PARTICIPANTS

Brian Pitz *UBS - Analyst*

Justin Post *BofA Merrill Lynch - Analyst*

Brian Karimzad *Goldman Sachs - Analyst*

Edward Williams *BMO Capital Markets - Analyst*

Doug Creutz *Cowan and Company - Analyst*

John Taylor *Arcadia Investment Corporation - Analyst*

Atul Bagga *Lazard Capital Markets - Analyst*

Arvind Bhatia *Sterne, Agee & Leach, Inc. - Analyst*

Neil Doshi *Citigroup - Analyst*

PRESENTATION

Operator

Welcome, and thank you for standing by. At this time, all participants are in a listen-only mode. (Operator Instructions). Today's conference is being recorded. If you have any objections, you may disconnect at this time.

Now, I will turn the meeting over to Mr. Rob Sison, Vice President of Investor Relations. You may begin.

Rob Sison - *Electronic Arts Inc. - VP IR*

Thank you. Welcome to EA's fiscal 2012 third-quarter earnings conference call. With me on the call today is John Riccitiello, our CEO; Eric Brown, our CFO, Frank Gibeau, President of Labels; and Peter Moore, our COO, will be joining us for the Q&A portion of the call.

Please note that our SEC filings and our earnings release are available at IR.EA.com. In addition, we have posted earning slides to accompany our prepared remarks. Lastly, after the call, we will post our prepared remarks, an audio replay of this call, and a transcript.

This presentation and our comments include forward-looking statements regarding future events and the future financial performance of the Company. Actual events and results may differ materially from our expectations. We refer you to our most recent Form 10-Q for a discussion of risks that could cause actual results to differ materially from those discussed today.

Electronic Arts makes these statements as of February 1, 2012, and disclaims any duty to update them.

Throughout this call, we will discuss both GAAP and non-GAAP financial measures. Our earnings release and the earning slides provide a reconciliation of our GAAP to non-GAAP measures. These non-GAAP measures are not intended to be -- in considered in isolation from, as a substitute for, or superior to our GAAP results.



FEBRUARY 01, 2012 / 10:00PM GMT, EA - Q3 2012 Electronic Arts Inc. Earnings Conference Call

We encourage investors to consider all measures before making an investment decision. All comparisons made in the course of this call are against the same period in the prior year, unless otherwise stated.

Now I'll turn the call over to John Riccitiello. John?

John Riccitiello - *Electronic Arts Inc.* - *CEO*

Thanks, Rob. We are pleased to report a strong third quarter on both the top and bottom line. Our results reflect a great performance by Battlefield 3; Star Wars - The Old Republic; our entire EA Sports lineup, especially FIFA; and a nice boost from our digital games and services.

This was the kind of quarter a CEO loves to report. It is one which generated our highest operating cash flow in 31 quarters, and reaffirms our strategy of creating big hits with digital revenue streams that extend the revenue, profitability, and consumer engagement in our brands.

We gained share in packaged goods in both North America and Europe on the strength of two titles, each of which sold more than 10 million units, Battlefield 3 and FIFA 12. We were the number one publisher on high-definition systems worldwide for all of calendar-year 2011.

We also hit an important milestone at the end of the calendar year. We delivered more than \$1 billion in non-GAAP digital revenue on a trailing 12-month basis.

At the end of the quarter, we launched Star Wars - The Old Republic, recording strong initial results for this very important digital service. 2 million people have purchased the game from our retail partners and via direct digital downloads on Origin. This great launch makes Star Wars - The Old Republic the fastest-growing subscription MMO in history. We are incredibly pleased to see this great game from BioWare off to a very strong start. Both Frank and Eric will share further details in their prepared comments.

In terms of guidance, the midpoint of our fiscal-year range remains unchanged from the raised guidance on our last call. This implies a more conservative outlook for Q4.

Eric will provide detailed guidance in his comments, but our revised Q4 outlook is based on three factors. First, retail demand for Star Wars - The Old Republic was strong and we shipped units right at the end of December that we had anticipated shipping in early January.

Second, we are moving an important social game launch from Q4 F12 to Q1 F13, and with it the associated profit. We believe this move will enable us to launch a more highly polished and ultimately more successful title in early FY13.

And third, we are concerned with the financial condition of one of our major European retail partners, which could lead to both increased bad debt and lost sales.

None of these issues are material or consequential for any period beyond fiscal 2012, but taken together these may have an impact of as much as \$0.15 EPS in Q4.

All in, we've delivered another strong quarter and expect to finish the fiscal year consistent with our original and our recently-raised guidance.

Next, I want to give you a progress report on our three strategic initiatives, brands, platform and talent.

Brands. EA has a powerful advantage with our more than a dozen globally-recognized brands. Our mission now is to transform each of these powerhouse brands into year-round businesses with a steady flow of downloadable content extensions on new platforms like mobile and social. More content for our consumers, more revenue with better margins for our investors.

Leading the way were two brands that sold more than 10 million copies each in FIFA and Battlefield. And each of these global brands is succeeding on multiple platforms, ranging from PC to social and console to mobile, and with packaged goods and purely digital channels and business models. This is the template for all of our major brands.

Platform. Our next priority is to build a platform for games and services that allows the consumer to connect their experiences across multiple devices and formats. Progress in several projects reflect success on this strategic initiative. Nucleus registrations, which are essentially a database of our consumers, were given a big boost by launch of Battlefield 3 and Stars Wars - The Old Republic. Nucleus registrations now total 168 million, up 63% year over year.



FEBRUARY 01, 2012 / 10:00PM GMT, EA - Q3 2012 Electronic Arts Inc. Earnings Conference Call

Another big beneficiary of Battlefield and Star Wars launches is Origin, our direct-to-consumer digital service which serves as a window into our own platform. Origin has been busy setting and breaking its own records. We have surpassed \$100 million of non-GAAP revenue since our launch in June of this year.

The client is now installed on more than 9.3 million desktops, and within the quarter Origin recorded a milestone, over 1 million daily unique users. In Q3, we established breakthrough partnerships with Warner Bros. Interactive, THQ, and CapCom. Last month, we added Trion, Robot Entertainment, and nine other new partners.

Talent. When I say talent, I mean that we're stretching our key executive talent to work across platforms, gain broader experience, and ultimately be more engaged in more interesting work than can be found with our competition. We're investing to grow our capabilities in core engineering and in digital skill sets.

In general, these goals describe what we're doing inside our studios, engineering, and marketing teams.

This past quarter, these changes reached to the very top of our organization. In October, we hired Rajat Taneja as EA's Chief Technical Officer and asked him -- tasked him with completing the fundamental infrastructure for our online platform.

In January, Playfish co-founder Kristian Segerstale took on a new role as our EVP of Digital, assigned to improve our digital marketing, consumer acquisition, and class promotion of our products and services.

These two new positions round out an executive team of some of the most tested and accomplished leaders in the industry, including our Chief Operating Officer Peter Moore and Label President Frank Gibeau. Within Frank's organization are five creative leaders, each of whom run a standalone P&L now which is bigger and more efficient than most of the competitors in the industry today. They include Lucy Bradshaw at Maxis, Dave Roberts at PopCap, Ray Muzyka at BioWare, Patrick Soderlund at EA Games, and Andrew Wilson heading up EA Sports.

That's an executive team that balances EA veterans with Internet entrepreneurs. Our talent strategy provides better career development for our employees, better structure for our brands, and better management for the fastest-growing part of our business.

With that, I'll turn the call over to Eric.

Eric Brown - *Electronic Arts Inc. - EVP, CFO*

Thank you, John.

Starting with a review of Q3, EA performance in Q3 exceeded the non-GAAP revenue and EPS guidance that we provided on the Q2 earnings call. Total Q3 GAAP revenue was \$1.061 billion, relatively flat compared to the same period last year. GAAP loss per share was \$0.62, a 36% improvement versus the loss per share last year.

Total Q3 non-GAAP revenue was \$1.651 billion, growing 17% versus last year. This is slightly better than the top end of our guidance range, and was driven by the successful launches of Battlefield 3 and Star Wars - The Old Republic and the continued success of FIFA 12. Strong performance of Battlefield 3 more than offset some weakness on Need for Speed.

Q3 digital non-GAAP revenue increased 79% year over year to \$377 million, and on a trailing 12-month basis our digital revenue exceeded \$1 billion.

DLC and free-to-play microtransaction content was \$123 million in Q3, up 86% versus last year, primarily due to the continued digital success of FIFA. Specifically, FIFA 12 generated almost \$50 million of non-GAAP digital revenue for Q3, four times what FIFA 11 did during the same period last year. Additionally, the inclusion of The Sims Social and PopCap also contributed to our digital growth.

PopCap had a strong finish for the calendar year. PopCap outpaced the overall market by growing revenue more than 30% on a standalone basis this year, excluding the one-time effects of the acquisition.

Mobile and other handheld digital revenue was \$84 million, up 25% versus last year. This quarter, we saw continued growth in our smartphone- and tablet-related sales and growth in our Asia mobile business, offset by the decline in standard feature phone revenue. This quarter, the revenue contributions from smartphones and standard feature phones were about equal, with smartphone revenue growing more than 70% year over year.



Revenue from subscriptions, advertising, and other was \$67 million, up 14% year over year. Full game downloads were \$103 million, up 442% year over year, driven by downloads from EA's new digital direct service, Origin. The specific titles that drove most of the increase were Battlefield 3 and Star Wars - The Old Republic.

Our Star Wars launch was more successful than we anticipated. During the course of December, server performance and stability exceeded our expectations, allowing us to make more product available to our consumers at launch and through the end of the December quarter. To date, we have sold through more than 2 million units.

Our sellthrough success to date is not as apparent to the public because nearly 40% of the December sellthrough went through Origin, which is not recorded by third-party data services. This was achieved with a level of Q3 marketing well below that of a AAA holiday quarter launch.

In summary, relative to our previous non-GAAP guidance, revenue was \$51 million above the midpoint, gross profit margin of 67.4% was slightly better than guidance, and operating expenses came in below our estimate. It was another good quarter overall.

Turning to cash, net cash provided by operating activities this quarter was \$475 million versus \$349 million a year ago. This marks the highest level of quarterly operating cash flow in 31 quarters.

This significant level of operating cash flow is due to the solid revenue results and our continued efforts to become more efficient, evidenced by our inventory turns increasing to 19 times on a trailing 12-month basis and our inventory balance dropping by more than 30% year over year. The trailing 12-month operating cash flow was \$243 million.

EA has approximately \$5.39 per share in cash, short-term investments, and marketable securities. Roughly 45% of our cash and short-term investments are on shore.

During the quarter, EA repurchased 1.8 million shares at a cost of \$41 million. \$312 million remains authorized for the repurchase program over the next five months.

Sector performance. Overall, the worldwide interactive entertainment segment, with packaged plus digital combined, was up mid single digits in the December quarter. Digital grew more than 20% year over year, offset by a 4% decline in packaged goods.

For calendar-year 2011, the Western world packaged goods market was down 8%, comprised of high-definition platforms being up 2%, offset by a 22% decline in standard-definition platforms. For calendar-year 2011, EA was the number one publisher in the Western world with 20% share in Europe, 17% share in North America, and 18% share overall in the Western world, up two points compared to calendar-year 2010.

Moving on to Q4 guidance, we are providing non-GAAP EPS guidance of \$0.10 to \$0.20. This is lower than last quarter's implied Q4 guidance midpoint due to the following. First, we previously envisioned having a more limited Star Wars launch through December. However, during the critical launch period, the servers stood up to the challenge and we were able to withstand a heavy utilization, as we announced in our December 26 momentum release. This gave us the confidence to make additional product available to our consumers, more than we had initially planned, and a portion of expected Q4 sales were realized in Q3.

Secondly, a key social game has been delayed and is now targeted to launch after the close of the fiscal 2012 year. Although this detracts from our Q4 earnings, it helps shore up our title slate for our fiscal-year 2013 social games.

Third, we are focused on some isolated European retailer issues that have recently been announced. A negative outcome could adversely impact our Q4 results.

And fourth, based on the success to date of Star Wars - The Old Republic, we have decided to increase our marketing spending in Q4 to take advantage of this momentum.

Breaking down the Q4 non-GAAP revenue guidance, non-GAAP digital revenue is expected to be approximately \$400 million to \$425 million, while non-GAAP revenue from EA published titles is estimated to be between \$500 million to \$525 million. The balance is approximately \$25 million of expected distribution revenue.

Q4 GAAP revenue and EPS. Our Q4 GAAP net revenue guidance is approximately \$1.425 billion to \$1.475 billion. Our Q4 GAAP EPS guidance now ranges from \$1.45 to \$1.59 diluted earnings per share. GAAP tax is expected to be a benefit of approximately \$15 million.

Gross profit margins. We expect Q4 non-GAAP gross profit margins between 67% and 66% and we expect GAAP gross profit margins of approximately 77%.

Operating expenses. We expect Q4 non-GAAP operating expenses to be at least \$560 million. GAAP operating expenses are expected to be at least \$610 million.



Our Q4 non-GAAP EPS guidance range includes approximately \$3 million of expense in the other income expense line, a full-year non-GAAP tax rate of 28%, and an estimated 338 million diluted shares.

Cash flow. We expect fiscal 2012 operating cash flow to be about \$250 million, consistent with the lower end of our previous guidance. We expect fiscal 2012 capital spending of approximately \$140 million.

Foreign exchange. Our guidance assumes the following foreign exchange rates for the fiscal year, \$1.30 U.S. to the euro, \$0.98 U.S. to the Canadian dollar, and \$1.55 U.S. to the British pound. The strength of the U.S. dollar since our October call had a negligible impact on second-half non-GAAP EPS versus our prior foreign exchange rate assumptions.

Turning to fiscal 2013 guidance. We will provide detailed guidance for fiscal 2013 in our next earnings call, but at this juncture we can share the following considerations. In fiscal 2013, we're estimating double-digit percentage growth for both non-GAAP EPS and revenue. In fiscal 2012, we expect our non-GAAP digital revenue to be approximately \$1.2 billion and we expect to see accelerated growth in fiscal 2013. As we continue our strategy of generating more revenue with fewer titles, we expect to launch less than 20 packaged-goods titles in fiscal 2013.

Star Wars - The Old Republic is going to be an important factor in next year's results, and there could be a wide range of outcomes. We will be able to provide more informed total Company guidance once we have better insight on the trajectory of Star Wars.

And finally, for Q1 fiscal 2013, given the light packaged-goods title slate, we expect a non-GAAP EPS loss at about the same level as Q1 last year.

And lastly, our assumptions on this sector for calendar 2012 are similar to current trends with mid to high single-digit growth overall comprised of greater than 20% growth in digital, continued low single-digit growth in high-definition consoles and PC, offset by a mid-teen percentage decline in standard definition.

Now, I'll turn the call over to Frank Gibeau.

Frank Gibeau - Electronic Arts Inc. - President EA Labels

Thanks, Eric.

Today, I'm going to take you through some highlights from our biggest games in Q3, including some perspective on the launch and consumer experience with Star Wars - The Old Republic. I'll also take you through some of the games that we intend to release this quarter to complete our fiscal year.

I'll begin with Battlefield 3 and FIFA 12, two games that prove that making bigger hits out of fewer titles is a winning strategy. With Battlefield 3, our DICE Studio in Stockholm nailed every objective we set, including our goal of gaining share in first-person shooters.

In Q3 last year, EA held just 13% of the lucrative Western FPS market. This year, we captured an additional 11 points and rose to a 24% segment share, a big leap in our plan to retake leadership in FPS.

Battlefield 3 sold through more than 11 million units, and kept consumers playing and paying with premium downloadable content like the Back to Karkand expansion pack. Battlefield 3 is a global blockbuster with an ambitious plan for more content and services in the months ahead.

Next is FIFA 12, a game from EA Sports Studio in Burnaby, British Columbia, which also broke through the 10 million unit mark. The innovation that makes this franchise so unique is FIFA Ultimate Team, a digital game extension that creates a massive online community where football fans can build, manage, and compete with their ultimate team.

In just three months, FIFA Ultimate Team generated \$39 million in microtransactions. That's 69% more than we generated in the same period last year.

Our third global blockbuster in the quarter was Star Wars - The Old Republic. You've heard all the superlatives. The only thing I can add is BioWare Austin has delivered a game that millions of people are going to be playing for a very long time.



Let me offer some metrics on purchase and subscription that will help you understand this business. As John stated, we have sold through 2 million units of the game since December. We currently have a little over 1.7 million active subscribers. The rest have either not started playing yet or have opted out.

This is an outstanding start for an MMO, and the metrics on engagement suggest players are loving the game. Unique log-ins are averaging about 1 million per day and their average playtime is approximately four hours per day.

And throughout the launch, server performance and stability exceeded our expectations, allowing us to accelerate the introduction of new players in December. Outside of scheduled maintenance, our servers have been up and running 99.5% of the time, which is a big win in and of itself. Every MMO launch has had significant service issues until now. Star Wars - The Old Republic broke that cycle, leading PC Gamer to write, BioWare hit a homerun with server stability.

I want to take a second to correct reports which speculated that a lack of congestion was a sign of slow participation. Shortly after launch, we doubled the efficiency of each server, allowing us to handle twice as many players and remove the waiting lines. The lack of congestion is a function of great engineering.

In the next phase, our goal is to grow the number of subscribers with frequent releases of content that make the game even more exciting. With this in mind, BioWare has just released an extensive game update that provided additional higher-level group missions and new game features to keep players engaged. We plan on delivering another major update, even larger than the first, in March.

In summary, we nailed the launch. Adoption and daily usage among core MMO users are trending very favorably. More people are buying the game and subscribing. More content is on the way.

Going forward, we have an ambitious plan to reach the broader market, the millions of Star Wars fans all over the world. You'll be seeing that very soon.

Next, I'm going to highlight some of the big titles planned for the rest of this, our fourth, quarter. On February 28, EA Sports will launch SSX, a reinvention of one of the great arcade classics of all time. Also from EA Sports in March is FIFA Street, a great pickup and play action game built on the FIFA engine.

And from Curt Schilling and 38 Studios, one of the most anticipated RPGs of the year, Kingdoms of Amalur - Reckoning will ship on February 7 in North America and February 10 in Europe.

Finally, on March 6 in North America and March 9 in Europe, another blockbuster from BioWare, Mass Effect 3. This is a sequel to a title that many critics voted Game of the Year. Fans love this franchise and want more.

Pre-orders for Mass Effect 3 are running substantially ahead of where we were at this point with Mass Effect 2. The buzz is building and we're betting that we've got another big hit from BioWare.

That's it -- a smashing Q3 based on blockbuster launches for Battlefield 3 and Star Wars - The Old Republic, the continued success of FIFA 12, and more great games to come.

With that, I'll hand back to John.

John Riccitiello - Electronic Arts Inc. - CEO

Thanks, Frank.

Before we move to your questions, I want to offer one last perspective. EA will finish the fiscal year a profoundly different company than where we were at the start. We've launched Star Wars - The Old Republic, Battlefield 3, FIFA, and The Sims Social, four games that reflect the evolution of our business, a traditional packaged-goods model, to one with a deeper relationship with the consumer and a 365-day revenue potential.

PopCap, a fantastically talented group of developers, elected to become part of EA. And in doing so, they've vaulted us into leadership of casual games.

We proved our fewer, better, bigger thesis and are now making more revenue on fewer titles, and have now turned the page to focus on three new strategies, building our brands, our platform, and our talent.



We shattered our digital non-GAAP revenue goal, achieving the \$1 billion target in calendar 2011. We are a much better company than we were at the start of the fiscal year, much better positioned for growth in the years ahead.

With that, Eric, Frank, Peter, and I will take your questions. Operator, we're ready for questions.

QUESTION AND ANSWER

Operator

(Operator Instructions). Brian Pitz, UBS.

Brian Pitz - UBS - Analyst

Thanks, guys. Just regarding Star Wars and the margin opportunity going forward, I was wondering if you could help us think about the impact of the 1.7 million subscribers. When will we start to see that effect really start to play out?

And then, you talked a bit about how you'll be delivering fresh content for Star Wars. Can you help us think about the level of R&D required to support this game on an ongoing basis? Thanks.

Eric Brown - Electronic Arts Inc. - EVP, CFO

So, this is Eric. I'll take the first part of the question. I think it's important to note that we're at the very, very early stage of the Star Wars launch. We're not even two months into this. So it's difficult to extrapolate off of where we are today with 1.7 million active subscribers.

Suffice it to say, it's been a really strong launch, great stability, and a great take rate, and great engagement.

As to the future content plans, I'll pass that to Frank.

Frank Gibeau - Electronic Arts Inc. - President EA Labels

Sure. We have very ambitious plans for the content strategy in front of us for Star Wars, including very frequent, high-quality releases in areas such as the elder game, PDP, in addition to future expansion packs. So that's going to require some level of R&D that we will continue to maintain post-launch, and part of the R&D that was prelaunch will also flip into the ongoing service and infrastructure of the service.

We will be setting up SMART goals for operational efficiency gains and looking at ways to continue to leverage the business, now that we are in the market and live. It's a little early yet to identify what those enhancements will be, but we have an ongoing plan and look forward to being able to run that later in the future.

Peter Moore - Electronic Arts Inc. - COO

(Multiple speakers). Brian, this is Peter. As Eric mentioned, we've got a strong marketing plan to support those initiatives here in Q4. If you haven't seen it already, network television, very strong boost to our marketing support of this very important title.

Brian Pitz - UBS - Analyst

Great. Just one really quick follow-up, can you give us a sense for how many of those 1.7 million active subs we can expect to convert to paying subs after the initial free month? How should we think about that? Thanks.



Frank Gibeau - *Electronic Arts Inc. - President EA Labels*

Let me -- maybe what I can do is I'll define active subscribers for you, and then give you a little color on that. We're not going to be able to talk too deeply on conversion just because it's so early in the life of the product. We are only 10 days passed our first-month anniversary.

But essentially, we're using the industry standard for active subscribers. It's anyone paying a subscription or playing on an active prepaid timecard and those who have registered to play and are still in their trial subscription period.

I can tell you that the majority of the 1.7 million are paying subscribers for us currently, which is great considering we're only, like I said, 42 days into the launch and you have a 30-day trial period. So a lot of people are voting that they want to be a part of the service and are engaged, which is great news.

Operator

Justin Post, Bank of America Merrill Lynch.

Justin Post - *BofA Merrill Lynch - Analyst*

Great. I don't know if you can help with this question, but how would you say Star Wars in total is contributing to this year's earnings? And can you help us at all on how it might affect next year's earnings, like are you expecting a lot of contribution next year versus this year and how would you think about that?

And then, maybe you can give us an update on Sims Social, how that has gone against your plans, and do you think you can grow games and your presence or market share in that category as you look out the fiscal 2013. Thank you.

John Riccitiello - *Electronic Arts Inc. - CEO*

Justin, this is John. I'm going to give you very high level. We don't generally break out profitability on individual titles.

I would say more or less a way to think about Star Wars is in terms of its trajectory, as both Eric and Frank noted. We need to know more about the trajectory of the business before I can give you a full and balanced projections for fiscal 2013. One of the reasons we're going to do guidance in May is we think we will be in a good position to do that.

Another way to look at it is the lion's share of revenue from any given purchaser of the game is in subscription, so the packaged-goods sale isn't, frankly, that influential to the total P&L by comparison to subscription. And I would note that we basically go from a four-month business this year to a 12-month business next year. And frankly, for years prior to this we were carrying pure cost.

So we definitely have identified this as one of the positive levers in our P&L as we move into F13, and we'll give you a lot more color on that in three months.

Peter is going to pick up the question on Sims Social.

Peter Moore - *Electronic Arts Inc. - COO*

Yes, Sims Social, as you know, we launched back in August. I think the game has settled in nicely. As I look at up data right now in real time, we're over 4 million DAUs, daily active users, and 21.7 million monthly active users.

You can expect to see over the coming weeks and months fresh content and features that will continue to drive, in particular, the DAU number back up again. Our studio, our Playfish studio in London in collaboration with Maxis here, who obviously oversees the Sims IP, are working very, very closely together, as well as with the community in making sure that we keep these contents and feature insertions into the game and keeping those MAUs and DAUs pointed upwards.

But overall, we're very happy with where we are. We're the top five game on the Facebook platform in gaming.



Justin Post - BofA Merrill Lynch - Analyst

Is their monetization meeting your expectations, and any update there on revenue per DAU?

Peter Moore - Electronic Arts Inc. - COO

We don't give update on that, but the monetization is meeting our expectations, and in fact we expect that to increase, as you would expect, with the introduction of fresh content and features.

Operator

Brian Karimzad, Goldman Sachs.

Brian Karimzad - Goldman Sachs - Analyst

Hi there. I know you don't give profitability by title, but maybe directionally you can help us out. Not for Star Wars, actually, but on your social and smartphone businesses, can you give a sense of what the current run rate is on operating margin there when you factor in both what's launched and the overhead of development that will be continuing as we go forward?

Eric Brown - Electronic Arts Inc. - EVP, CFO

This is Eric. I'll respond to that. Again, we're talking about businesses at slightly different stages of maturity.

So, our overall mobile business, where we are the leader in the Western world, is more developed and has margins in excess of certain other areas in digital because it's at scale, it's growing, it's taking share. It grew 30% year over year, and we're working through a transition of feature phone to smartphone.

So, mobile is a good example. They -- of scale, which we've defined as greater than \$100 million business with margins well in excess of where we are as a Company overall.

The portfolio of social games is at a slightly different stage of development. To date, we've bought out one major EA intellectual property, The Sims Social, in this fiscal year and we're realizing a portion of that in fiscal 2012. As we look to fiscal 2013, we will have more social titles with the benefit of EA branding and history behind them.

And so, I would not compare that profitability of that business directly to that of mobile, just given the stage of development, but it will indeed scale profitability over time, and we expect it to be additive to our total Company operating margin.

Brian Karimzad - Goldman Sachs - Analyst

And when you think within mobile, though, on the smartphone side, is that one that's operating currently above your total Company margin? I understand the feature phone side was very high margin to begin with.

Eric Brown - Electronic Arts Inc. - EVP, CFO

In terms of mobile overall, feature plus smartphones as it measures on a kind of stand-alone basis, it is above -- it delivers a net margin above that of the composite EA op margin.

Brian Karimzad - Goldman Sachs - Analyst



And then, quickly, on the double-digit revenue growth for next fiscal year, can you just give us any sort of walk you have on puts and takes, or maybe it's just all puts and no takes?

Eric Brown - Electronic Arts Inc. - EVP, CFO

No, there are a series of puts and takes. I would say that John's already called out one of the really important adds year over year. That's 12 months of Star Wars subscription revenue in the fiscal year versus effectively 2.5 months of paid subscription revenue in fiscal 2012. So that is a significant delta or improvement year over year.

On that packaged-goods title slate, we have highlighted that we expect to have fewer titles next year compared to this year, so there are some puts and takes within that portfolio overall.

The other thing to keep in mind is the rest of our digital business is trending very favorably. Great example of this is downloadable content on the FIFA franchise. We're expecting in fiscal 2012 to realize \$100 million in total digital revenue, net digital revenue, from the FIFA franchise, principally from the FIFA Ultimate Team mode. And that's a number that has compounded very, very nicely over the past couple of years, and we expect those types of trends for certain franchises like FIFA, Battlefield 3, FPS to likewise continue into FY 2013.

Operator

Edward Williams, BMO Capital Markets.

Edward Williams - BMO Capital Markets - Analyst

Good afternoon. Just a couple questions. Can you comment a little bit about your plans for Star Wars as far as international markets are concerned? As we -- as you look to increase your marketing overall, are you looking to move it into existing markets? And as we look into fiscal 2013, are we going to see it migrate into more markets on a global basis?

And then, secondly, looking at the success you've had with FIFA in driving the digital revenue, can you comment a little bit about how you're looking to achieve the same sorts of goals with some of your other key sports titles, such as Madden and potentially the return of an NBA title?

Peter Moore - Electronic Arts Inc. - COO

Ed, it's Peter. Let me -- I'll take the Star Wars question and hand over to Frank on the other one.

Yes, I mean, in succinct answer to your question, we are looking at global expansion from the perspective of, in particular, looking at the Asian market.

We recently announced on March 1 that we'd be in Australia and New Zealand. It's all about, as you might imagine, server location down there, but we have a very strong demand from all of our consumers in that particular part of the market and we're looking at other opportunities to go into Asia as well.

But you will see more and more announcements as we roll this title out globally. We want to make sure the level of service is there, and that does require the investment and hard work, but demand is certainly there and you're going to hear a lot more about that in the coming weeks.

Edward Williams - BMO Capital Markets - Analyst

How long could it take to kind of get into the Asian market?

Peter Moore - Electronic Arts Inc. - COO



Well, certainly we're taking the low-hanging fruit of the Pacific, if you will, with Australia and New Zealand. I was there personally and saw the demand there a couple of months ago.

It may take a few months. We need to make sure that we're meeting, obviously, the service-level agreements that we have with our studio on making sure it is the best experience for the consumer, but you've got to be thinking in months rather than weeks, that's for sure. But (multiple speakers)

John Riccitiello - Electronic Arts Inc. - CEO

To put a fine point on it, though, just the individual major Asian markets will be announcements that take place when they take place. We're bound by confidentiality agreements with our Lucas partner.

We're trying to give you an indication that we're keen on getting there and we have work underway, but these are going to be discrete announcements and I think they can yield some really good upside. By way of example, when WoW was introduced in November of 2004, they were shortly after that in Korea and within nine months they were in China. I would admit that in those days it was easier. If a service had temporary outages or failures, that we considered par for the course. It's certainly not par for the course today.

And so, what Peter's getting at, and I think Frank would underscore, is what we would seek to do with any Asian expansion is execute flawlessly as we have in the North America and western Europe launch.

Frank Gibeau - Electronic Arts Inc. - President EA Labels

This is Frank. On the question about digital expansions within the sports labels, based on what we have been able to do with Ultimate Team, we're certainly looking at that as an opportunity in our other sports, but not just limited to our sports.

You know, we have a very ambitious plan to drive digital revenues off of our console businesses in our shooters category, in the racing category, in action. So we're taking the key learnings that we're developing from Battlefield and FIFA and we're applying it to our entire suite of brands and across all of our different labels.

John Riccitiello - Electronic Arts Inc. - CEO

One of the things that I think, just to build on that just a little bit, and I don't have a statistic at my fingertips, but I would point out that some folks have thought of EA as driving to \$1 billion in digital and the growth we see from here as being somewhat acquisition driven.

The vast majority, or at least the significant majority, of our digital revenue is, in fact, based on EA IP and coming from studios like BioWare. In the scheme of things, we are extremely excited about the fast growth from additions like PopCap and Playfish, et cetera. But at this point in time, the majority of our business is actually organic. I think that's just worth noting, and we expect to continue to drive organic growth there and have the M&A deals we've done extend our footprint, our channel exposure, our business model exposure.

Operator

Doug Creutz, Cowen and Company.

Doug Creutz - Cowan and Company - Analyst

Thank you, yes. You know, Sims Social was a big hit back in August, and I think people were surprised that in the six months since then, you guys have kind of gone up on [radio silence] as far as new social titles. We've seen that -- the trends in that space seem to be the titles do really well for a few months, and then start to shed users rapidly, and your major competitor has clearly made a decision to vastly increase their frequency of title output.

So I'm just wondering -- I know you're a little reluctant to talk about what's coming, for competitive reasons, but if you could just talk about how many social titles you think you're going to release in the next 12 months, that would be really helpful.



Peter Moore - Electronic Arts Inc. - COO

Doug, it's Peter. So yes, as per their prepared statement, you did hear us say that we slipped a title out of this quarter into Q1. It is a major title based upon a major piece of the EA brand, IT.

And that's an important point. What we do here maybe different than our competitor is leverage the power of our brands and IT in a way that has top-quality game assurances to the consumer. And so, they do take a little bit more time because, quite frankly, they're better, and so from the element of us putting out a lot of games on a quantity basis rather than quality, we're always going to err towards quality.

Having said that, you can expect approximately five new social games based on our IT going forward next year, and I'm talking about the Facebook platform specifically.

Social is a broader scope for us than obviously just Facebook, but from that perspective the Playfish Studios in London, San Francisco, and Beijing are working diligently, making sure they convert our intellectual property, where relevant, to that platform. But we're not going to ship a game before its time.

And in particular, this one that we're referring to, we felt the engagement and monetization elements of the game were better served holding on for a few weeks, and so you'll see that one in this quarter FY2013.

John Riccitiello - Electronic Arts Inc. - CEO

Just to give you some color on that, think about our social games being in these categories. BioWare is where we consolidated KlickNation, and so we have a social game capability there. Our sports studios have already launched two social games, learned a lot from that, and are fast working on that -- three, excuse me.

We've got our Playfish Studios, which is what Peter is referring to, and then we have PopCap.

So I will admit that we have -- our SKU plan is such it appears we've pulled back. I think you'll see a good solid slate from us on the strongest of our intellectual properties in fiscal 2015. And we'll probably be just as coy with you on the May launch, except for the one significant game that we'll have launched by then.

We have to deal with the reality that -- I won't call it copying, but the mimicry is common in this industry, and fast iteration and mimicry is something we have to guard against. And so, we don't put out a lot of information on the individual titles, Doug, to your exact point when you started the question.

Operator

John Taylor, Arcadia.

John Taylor - Arcadia Investment Corporation - Analyst

I wonder if we could talk a little bit about sales and marketing, and your commentary about timing of Star Wars shipments. So, I'm really interested in an update in how you're thinking about leveraging Origin, since those numbers are ratcheting up really quickly, and what implications that might have for your assumptions for sales and marketing.

And that being sort of a larger question, but the more specific tactical question is I think you indicated sales and marketing in Q4 was going to go up a little bit to support Star Wars. So was some of that -- is some of that new spending that you didn't expect or is there a shift from Q3 to Q4 on that one? Can you help us with the timing of the shipments and matching those up at the sales and marketing spend on Star Wars specifically? Thanks.

Eric Brown - Electronic Arts Inc. - EVP, CFO

This is Eric. I'll take the first part of that. So I think it's important to recognize that Star Wars was exceptionally stable in terms of its rollout.



We talked about bringing in more users than what we had originally anticipated. We sold more units in Q3, at the very end of Q3, units that we otherwise would've expected to meter out in early Q4. So that was a definite phasing benefit in regards to Q3 due to the success of Star Wars.

In regards to the comments about we expect to spend a bit more marketing on Star Wars in Q4, it is to maintain momentum and take advantage of this incredibly successful MMO launch. And so, we're moving from a phase where we had a lot of pre-registered demand, and we're looking to reach out past the core audience and bring new users into the funnel in our fourth fiscal quarter. That will have a benefit not only in Q4, but obviously it sets us up nicely in terms of fiscal 2013.

Peter Moore - Electronic Arts Inc. - COO

JT, it's Peter. Let me just add on to that. What I talked about earlier is a major mass-market network television campaign.

Interestingly as well, though, we'll take advantage of some of the synergies that we're working with our partner, Lucas, that -- as you probably know, there's the 3-D movie coming out in the next six or seven weeks, and you're going to be able to see a lot of cross-promotion between the two of us. In particular, you'll see our ads have tagged with the movie as well.

We think there's a huge synergy right now, and we fully intend to take advantage of the momentum we've got coming out of the quarter, as well as our ability to get to that more mass-market consumer that is a Star Wars fan, and that's what you're going to see on network television, and that's where a lot of this spend is going.

John Taylor - Arcadia Investment Corporation - Analyst

Okay, great. And (multiple speakers)

John Riccitiello - Electronic Arts Inc. - CEO

(Multiple speakers). The intention here, right, is we're connecting so many of our games online, and I would say that in terms of that massive synergy where all of the 300 million or so consumers we connect to between Nucleus accounts, nearly 170 million, plus mobile and social, which are currently not in there, and direct and redirect traffic to millions of consumers hitting our Origin website, if you're on the question of is there marketing synergy in that, the answer to that is yes.

And in my prepared comments, I referenced what Rajat and Kristian do. I would say that we are on the -- I'm not sure you'd even call it the early innings of realizing that synergy. We might still be, arguably, that we're started shagging fly balls in the pregame exercise.

But what we're starting to see, by way of example, is the ability for EA to send hundreds of millions of impressions to an individual title from other parts of our company to help drive exposure. We've just begun to do that in scale and we expect to be able to do that at much greater scale.

I would say that we'll be, JT, what, maybe a quarter of a way there or a third of the way there through the FY13 timeframe, and more fully and robustly take advantage of that opportunity in F14. It's, frankly, a huge high-leverage transformative aspect to what we're trying to do as a Company. And it's the reason why we've invested in Nucleus. It's the reason that we've pushed so hard to become a player in social and mobile, in addition to our packaged-goods business.

It's -- a reason that we're pushing the play-for-free model is we are trying to aggregate the eyeballs, minds, and wallets of gamers around the globe.

John Taylor - Arcadia Investment Corporation - Analyst

Okay, great. Let me ask a follow-up, if I can. Maybe this is for you, Peter, or for you, Frank. When you look at the download DLC that you're attaching to a Battlefield user, to a FIFA user, and so on, can you give us a sense of what's going on trend-wise with average revenue per?

Peter Moore - Electronic Arts Inc. - COO

This is Peter. I think it varies radically from game to game. You know, the engagement levels are different.



One thing I will tell you, and Frank can elaborate, is that we've got plans for all of our major franchises to turn them into more, as we're seeing with FIFA and with Battlefield, more as games as a service that have constant flow of downloadable content. But it does vary, with the pinnacle, as Eric pointed out, being FIFA.

But we're three years into a pretty well-established and sophisticated global audience with FIFA there and the Ultimate Team, which we also do in both Madden and NHL. It works out very well.

Same -- you're going to hear some announcements from us on Battlefield actually as early as next week at an event we've got in New York. But, Frank, I don't know if you have anything else to add?

Frank Gibeau - Electronic Arts Inc. - President EA Labels

Yes, we're trying a lot of different models here and they're working very effectively. In the case of Ultimate Team, because it's a microtransaction-based system, we actually are able to generate a sizable number of whale-type consumer behaviors. And it becomes a business that scales much more aggressively than maybe some of the traditional DLC models you've seen where it's a download pack every once in a while.

The MTX level really helps us do some really dynamic and interesting things there. So, we've got a lot of different programs in place right now. We're learning from all of them. All of them seem to be succeeding in double-digit ranges, and on the ARPU level, we're seeing some great enhancements to our P&Ls.

Eric Brown - Electronic Arts Inc. - EVP, CFO

JT, this is Eric. To maybe to put some rough numbers on this, if we compare the total digital revenue from FIFA 11 Ultimate Team to what we expect for FIFA 2012 Ultimate Team in this fiscal year, we're looking to see about a 25% increase franchise to franchise, and so the overall packaged-goods units sold is not increasing by 25% year over year. So we are expanding by a decent margin the microtransaction revenue per user of FIFA.

John Riccitiello - Electronic Arts Inc. - CEO

What we're basically finding, I know -- you've kind of caught us [something we] all like here, so we're expanding on it a little bit because I think it's really important.

When we look at what we do and what our competitors do, there's a number of examples of, I would call it, the best work of our industry in terms of making this work. One of them is clearly Xbox Live in terms of monetizing online consumers. One of them is clearly Ultimate Team, which we've pushed across the range of our titles and is doing really, really well.

One of them, what we've done recently with FIFA Online in both Korea with our [neous] partner and in Japan on mobile social with GREE. You know, frankly, I give a compliment to one of our competitors that's got a subscription on the back end of an FPS title. I think that's a best-in-class performance.

And we study all of these and, by way of example, when we put Ultimate Team out there, we had a competing idea with Madden, none of which -- I'm sure none of whom, I believe, on the call would even know the name of it because it quickly faded and was replaced with Ultimate Team because we're learning from best practice.

So, the reason this is such a fast-growing revenue stream for us is we're identifying and implementing best practice across a range of our products. You'll see lots more to come, including an announcement near term that Peter just alluded to.

Operator

Atul Bagga, Lazard Capital.

Atul Bagga - Lazard Capital Markets - Analyst



Thanks for taking my question and congratulations on a great quarter. I thought I would give you guys a break from Star Wars questions and maybe talk a little bit about E Origin.

If I look at E Origin, it still seems like it's more of a digital marketplace than a gaming platform. I was wondering if you can maybe highlight what are the milestones we should be looking for for Origin as you are taking Origin and building it more to the games as a service platform, and what your plans might be for taking Origin beyond desktop to include mobile also? Thank you.

Peter Moore - Electronic Arts Inc. - COO

Atul, it's Peter. So you're exactly right. We're only seven months in, and let's all remember here we only announced this in June of last year as regards the inception of this platform.

It has started off and has done very well. It's a commercial platform for us to transact directly to our consumers.

You're going to see over the next 12 months milestones and a roadmap of features that will include more social features, enhancements to the way our consumers can access Origin, and, to your point, not only just focused on the PC, but other platforms as well. And then, building in different business models so that we can not just do direct-to-consumer downloads as we currently do with full games or DLC, but also different types of business models that will allow us to aggregate our consumers and provide them with better opportunities in price/value relationships for our content.

So, there is a very detailed and long-term roadmap to make this a portal to our consumer on a global basis.

Rolling it out in a fundamental way, as well globally, is part of our plans as well. It's pretty much Western world only right now, and as you can imagine, our ability to reach into other regions will be very important.

But think about more social community-oriented features, think about different models, and think about more and more third-party publishers coming on board than already the pretty good slate that we have right now, and I think 12 months from now on this call I'll be able to report that we have a full and very robust portal to the consumer on a global basis, regardless of platform or geographic location.

John Riccitiello - Electronic Arts Inc. - CEO

And if you take your Android or iOS device right now, and open, for example, Scrabble and hit the EA button at the bottom, you'll be linked to what is essentially the Origin store, and that's transacting today and effectively so.

So, it's a very early implementation, but it provides access to your Origin friends. It has linkage to all of your Facebook friends. It has access to all of our mobile content.

And that's been deployed. I use it every day. We haven't made a big noise with it yet, primarily because it's in its earliest days. Think of it as like an early beta, but those that are interacting with it like it, and short term on our roadmap is a big lift there in terms of features and functionality towards the end of the fiscal year.

Atul Bagga - Lazard Capital Markets - Analyst

John, on mobile, we've seen pretty strong correction from your smartphone business, but it seems like, again, most of your smartphone business is games which are download -- premium download businesses, not as such on social mobile games. Can you talk a little bit about what your strategy might be for social mobile games?

John Riccitiello - Electronic Arts Inc. - CEO

I think Peter is going to look at some data for you, but I think our growth in the holiday quarter was on free to play --

Peter Moore - Electronic Arts Inc. - COO



Yes.

John Riccitiello - Electronic Arts Inc. - CEO

-- and so -- which is essentially what you're asking about, the free-to-play microtransaction model.

I think it's very fair to say we were a little late to that party. We were running mostly download games in the early part of the year, but there's an awful lot coming there. And you can imagine the blend of our own IP, what we're doing with Playfish, plus PopCap, and you can see a very substantial, I think, lift for us there.

One great example of this is a social mobile game for FIFA that we launched with GREE a few months ago. It went to number one, then number two, on their platform, an enormous success for a Western IP in Japan. And so, it may not be as visible to those of you who live in the U.S., but a good hit, and we're pursuing similar strategies around the world.

Peter Moore - Electronic Arts Inc. - COO

Just to add to that, the real growth is premium, as John said. We shipped Sims FreePlay, FIFA Superstars, Theme Park, and as we've spoken about on the GREE platform in Japan, FIFA World Class Soccer. That title in particular is a big breakthrough for us because the FIFA franchise has had difficulty in the Japanese market competing, for a number of reasons, and this is a major breakthrough for us.

So, premium is where our growth is. You're going to see continued growth on that. I also want to point out that we continue to be the number one worldwide publisher on iOS. We had -- I think, just looking at my notes here, 10.5% market share and that's more than double the segment share of our newest competitor. And then, our ability to continue to grow that on a global basis, keep an eye on the Japanese situation because I think it's great.

John Riccitiello - Electronic Arts Inc. - CEO

Operator, I think we have time for two more questions.

Operator

Arvind Bhatia, Sterne, Agee.

Arvind Bhatia - Sterne, Agee & Leach, Inc. - Analyst

Thank you. I wanted to actually go back to your March-quarter guidance for a second. You cited, I think, four different reasons and I think, John, you said \$0.15 impact from these. I was wondering if you could maybe rank the importance of these, how much of this is from pulling demand for Star Wars, how much of this is marketing related moving to social games, and then the bad debt you talked about. That would be great. Thank you.

Eric Brown - Electronic Arts Inc. - EVP, CFO

This is Eric. I'll respond to that. I would say that the ability for us to have pulled forward and sold in more units of Star Wars, I think, is the most important thing to call out. It was hundreds of thousands of extra units versus our expectations, and bear in mind this is a PC product with a very, very high gross profit margin percentage, and hence very, very good flowthrough.

You know, the marketing spend on Star Wars is also, I think, a change again. 90 days ago, we were somewhat cautious in terms of our expectations for the rate at which we'd be able to roll out the service in correlation to its stability. We clearly have done much better than that, scaled much more rapidly than any other MMO to date. And we're taking advantage of that momentum, and that's going to be reflected in the type of marketing and acquisition campaigns that Peter alluded to.

And so, I would probably rank that as number two on the list there.



And then, in regards to the isolated retailer risk, hard to call that one exactly. It's on the list. It could very well be a significant -- we have to wait for the quarter to play out, so that has a range on it. And so, that's how I would characterize that particular item.

Arvind Bhatia - *Sterne, Agee & Leach, Inc. - Analyst*

Then one last one from me, going back to Star Wars for a second. I think the only number in terms of profitability that you guys have talked about that I can remember is that it takes about 0.5 million subscribers to be profitable on a sustainable basis month to month. Has anything changed in terms of the launch, the interest level, et cetera, that would make you want to update that or we should still work with that assumption?

John Riccitiello - *Electronic Arts Inc. - CEO*

That was me that made the comment a number of different times. What I basically said is 0.5 million subs, we could break even at the margin. 1 million subs would be meaningfully profitable, but nothing to write home about. It certainly would not make us feel good about the investments to date. It would simply be a good business on an ongoing basis.

And then, from there as we scale, the business gets to be very attractive.

I don't think anything has changed with regard to that general summary, other than it looks like we can take the bad scenarios off the table at the present, and what we're now trying to figure out is what combination of customer acquisition, managing through the funnel, and attrition will yield the P&L we're looking for going forward.

Arvind Bhatia - *Sterne, Agee & Leach, Inc. - Analyst*

(Multiple speakers) that's great.

John Riccitiello - *Electronic Arts Inc. - CEO*

(Multiple speakers) have one last question?

Operator

Neil Doshi, Citigroup.

Neil Doshi - *Citigroup - Analyst*

Hey, guys. Just had a question on social and mobile in terms of how you guys think about rolling out EA-branded titles versus developing new titles for those platforms.

And then, secondly, on the mobile side, are you starting to see more traction in tablets versus smartphones? And is there a greater revenue opportunity on the tablet side versus the smartphone side? Thanks.

Peter Moore - *Electronic Arts Inc. - COO*

This is Peter. So on the concept, we are focused on obviously extending our brands across all platforms. And that's why you see a more deliberate approach and that's why you see a better quality of experience from our perspective.

We also, at the same time, look at opportunities to be able to build where the consumer is looking for, IP that is relative to that consumer game mechanic.



But you're seeing The Sims Social. Obviously, you see what we do in sports. These are all based on Electronic Arts intellectual property or licensed intellectual property that we feel, A, has a relevance to the consumer on that platform and, B, in a lot of instances has a global reach. And we'll continue along that strategy, interspersing with some other IP as well.

Second question, John, do you want to --

John Riccitiello - Electronic Arts Inc. - CEO

Yes, I'm just going to add a little bit on that second question. First off, there's no question that smartphones outnumber tablets by a gigantic proportion, and we monetize very well on smartphones, particularly iOS.

We've seen an improvement on Android in terms of modernization on their platform as they've made improvements to their marketplace, so those bode very well.

Personally, we're all really bullish here on the tablet business because it's a great presentation of our products. But right now, the installed base and even the wildly optimistic expectations for the installed base are likely to keep it smaller than what's going to happen on the handheld devices.

But I think, moreover, the most important point is this, we're pretty much agnostic as to whether a consumer gets our fare on a console, a PC, a handheld smartphone, social network, or a tablet. And we're able -- we're driving revenue with IP across all of those.

So for us, I know this is maybe an odd way to say it, a tablet or a phone to us are both similar opportunities, and we're chasing the consumer wherever they want to play the product. A lot of consumers are playing, by way of example, Scrabble crossing an Android device, an iPhone, an iPad, and Facebook, and I'm in circles right now where that's happening. So, I think that's more of the future than trying to think of them as independent channels.

With that, operator, I think we're going to wrap up. Thank you, everyone.

Operator

Thank you very much for your participation in today's call. The call has concluded. You may disconnect at this time. Thank you.

DISCLAIMER

Thomson Reuters reserves the right to make changes to documents, content, or other information on this web site without obligation to notify any person of such changes.

In the conference calls upon which Event Transcripts are based, companies may make projections or other forward-looking statements regarding a variety of items. Such forward-looking statements are based upon current expectations and involve risks and uncertainties. Actual results may differ materially from those stated in any forward-looking statement based on a number of important factors and risks, which are more specifically identified in the companies' most recent SEC filings. Although the companies may indicate and believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward-looking statements will be realized.

THE INFORMATION CONTAINED IN EVENT TRANSCRIPTS IS A TEXTUAL REPRESENTATION OF THE APPLICABLE COMPANY'S CONFERENCE CALL AND WHILE EFFORTS ARE MADE TO PROVIDE AN ACCURATE TRANSCRIPTION, THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORTING OF THE SUBSTANCE OF THE CONFERENCE CALLS. IN NO WAY DOES THOMSON REUTERS OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED ON THIS WEB SITE OR IN ANY EVENT TRANSCRIPT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S CONFERENCE CALL ITSELF AND THE APPLICABLE COMPANY'S SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

© 2012 Thomson Reuters. All Rights Reserved.

