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Eric F. Brown – Chief Financial Officer & Executive Vice President
Frank D. Gibeau – President-EA Games Label

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MANAGEMENT DISCUSSION SECTION

Operator: Good afternoon. My name is Kristin and I will be your conference operator today. At this time I would like to welcome everyone to the Fourth Quarter Fiscal Year 2011 Earnings Call. All lines have been placed on mute to prevent any background noise. After the speakers remark's there will be a question and answer session. [Operator Instructions] Thank you.

I would now like to turn the conference over to Peter Ausnit, Vice President of Investor Relations. Sir, you may begin.

Peter Ausnit, Vice President-Investor Relations

Thank you. Welcome to EA's Fiscal 2011 Fourth Quarter Earnings Call. Please note that our SEC filing and our earning release are available at ir.ea.com. In addition, we have posted earnings 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 May 4th, 2011, 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 earnings slides provide a reconciliation of our GAAP to non-GAAP measures. These non-GAAP measures are not intended to be considered in isolation from, as a substitute for, or superior to our GAAP results. 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 S. Riccitiello, Chief Executive Officer

Thanks. I am happy to report another strong quarter to finish a strong fiscal year. In Q4 we beat the Street and hit the very high end of our expectations for total revenue, digital revenue and profit. For fiscal '11 EA delivered on all of its goals including revenue, market share and EPS. And perhaps most importantly, we substantially exceeded our own ambitious target for digital revenue. We set out the year with a goal of hitting $750 million. In the end, our digital non-GAAP revenue grew by 46% and exceeded $800 million.

I am particularly proud of EA's rapid growth and scale in digital, and that our growth rate almost doubled that of the digital sector overall. We did it in a way no other competitor can, and in a way that best expresses the future opportunity in the market. We did it across multiple IP, across all the relevant platforms, from social to mobile to console, and across a variety of business models. The consumer has changed. 200 million console players have become 1.5 billion consumers gaming on multiple devices. We're the only gaming company serving this larger opportunity.

In a few moments, we will take you through our FY '12 guidance. Even though most will focus on the full year EPS guidance range, I would say that the underlying assumptions are more interesting. I would draw your attention to our digital non-GAAP revenue which is expected to exceed $1 billion in fiscal '12. And just as importantly, it is worth noting that we expect to finish the fiscal year with a non-GAAP EPS run rate up roughly 50% from our fiscal '11 performance.

I'd now like to outline a shift in our strategies. When we established objectives around reducing title count, cutting costs, and starting a digital business, we did so recognizing that we needed to execute a turnaround, and the major part of what needed to change was to reduce titles and cost. Our strategies could be defined as fundamentally defensive.

Today we are announcing a big shift to offense. Over the coming years, we will transfer EA from a packaged goods company to a fully integrated digital entertainment company. We'll transform EA to a games-as-a-service model by focusing on three new strategies.

Number one, intellectual property: we believe we are driving the strongest portfolio of IP in the industry with EA SPORTS, FIFA, Hasbro, Madden, Pogo, Battlefield, Need for Speed, The Sims, Tetris, Dragon Age, Mass Effect, and more. We fully intend to make these properties into year-round businesses that lead their sectors across a range of platforms.

Number two, platform: increasingly we see ourselves as a software platform every bit as much as we see ourselves as a content maker for other companies' platforms. We had a great start with 112 million consumers in our Nucleus registration system, up from 61 million a year ago. And while we will continue to be a great partner to our best retail customers and our first party partners, you will see the beginnings of a consumer game platform emerge at EA that complements and extends the console ecosystem and addresses the wider opportunities on other devices

Number three, talent: to deliver on the two strategies above, IP and platform, we will expand on a model that is already working at EA, and only at EA. We're the only company with world class teams working cross-platform on social, mobile and console development. We are integrating these teams and augmenting them with product monetization and marketing. It's a big change. As an investor, you can see this as a way to better manage our IP and drive up the ARPU for our core properties. As a developer, you can see this as the reason EA will be the most interesting and satisfying place to work in the game industry.

Now I'd like to outline our fiscal '12 guidance at a high level. There are three factors that make fiscal '12 particularly challenging for EA. Following a record year for revenue and profitability, our EA SPORTS business is facing two potential league blackouts, and we'll be comparing to fiscal '11 that included a FIFA World Cup title. Year-over-year these differences represent roughly a $250 million revenue challenge. With Battlefield 3, we are mounting the biggest launch campaign for a game in EA's history. We think the franchise is worth it. We know the opportunity is worth it. Still, this is a big commitment of resources. We are preparing the launch of Star Wars: The Old Republic. The launch date, while in our fiscal year, is not yet certain. We see roughly $0.15 EPS variability between the potential launch windows.

Despite these investments and uncertainties, we are guiding to a non-GAAP EPS range with the midpoint up 14%, and are confident we'll finish the fiscal year with an EPS run rate up 50% versus fiscal '11.

In summary, we had a strong fiscal '11, delivering on all of our objectives, operational and financial. Starting now we're shifting from defense to offense, and we'll be transferring EA from being a packaged goods-centered company to a fully integrated digital model only EA can realize. Fiscal '12 promises to be among the most exciting in EA's history, whether considered from a consumer perspective or from a purely financial investor perspective.

Now I'll turn the call over to Eric.

Eric F. Brown, Chief Financial Officer & Executive Vice President

Thank you, John. EA had very good top and bottom line performance in Q4, hitting the upper end of our EPS guidance and exceeding our overall and digital revenue guidance thanks to upside across our digital portfolio, and packaged goods performance both for frontline and catalogue titles. We also met out initial full year FY '11 guidance for non-GAAP revenue, non-GAAP EPS and operating cash flow.

Q4 non-GAAP revenue of $995 million was the result of both good frontline title and catalogue title performance. Catalogue revenue of 17% or $168 million in Q4 was the result of strong ongoing performance on FIFA 11, Need for Speed: Hot Pursuit, Battlefield: Bad Company 2, and Dragon Age. For the fiscal year, the combination of Medal of Honor and Need for Speed: Hot Pursuit have sold through approximately 8.5 million units.

Q4 digital non-GAAP revenue was a record $268 million growing 72% year-over-year. All revenue types and platforms of our digital portfolio were up double digits year-over-year for the quarter. Please note that we had a total of approximately $27 million in Q4 digital revenue that was either timing related or non-recurring.

Q4 non-GAAP gross profit margin was 67.3% compared to 65.2% a year ago. On a GAAP basis, gross profit margin was 69.9% compared to 69.6% last year. For the fiscal year, non-GAAP gross profit margins improved by six points from 55.3% to 61.2% on higher digital revenue, and an improved mix of EA titles compared to fiscal '10.

Q4 non-GAAP operating expenses of $559 million were slightly higher, driven by increased variable compensation expenses since we exceeded plan for the year. GAAP operating expenses were $617 million in the quarter. Q4 non-GAAP operating margin was 11.2% versus 4.0% last year. On a GAAP basis, operating margin was 13.3% for Q4 compared to 8.5% last year.

For the fiscal year, non-GAAP operating margins improved by three and a half points, from 4.7% in fiscal '10 to 8.2% in fiscal '11, a function of an increase in our digital revenue mix, a more profitable packaged goods portfolio, and a year-over-year reduction in R&D expense.

Q4 non-GAAP earnings per share was $0.25 versus $0.07 a year ago, bringing us to a full year non-GAAP EPS of $0.70 cents. GAAP earnings per share was $0.45 in Q4 versus $0.09 a year ago. The principal difference between our non-GAAP and GAAP EPS is the revenue deferral and we ended fiscal '11 with more than $1 billion in GAAP deferred revenue.

Headcount: we ended the quarter with 7,645 employees versus 7,842 a year ago and 7,742 in Q3 fiscal '11. 22% of our employees are at low cost locations, and the breakdown of head count is 5,544 in R&D, 929 in marketing and sales, 990 in G&A, and 182 in cost of goods.

Cash flow from operations this quarter totaled $253 million, the same as last year. Our full year fiscal '11 operating cash flow has increased to $320 million, which is up $168 million versus fiscal '10. Capital expenditures have declined year-over-year and fiscal '11 free cash flow of $261 million is up by $414 million versus last year and up $181 million, excluding the fiscal '10 purchase of the Redwood Shores headquarters.

EA has approximately $6.70 per share in cash, short-term investments and marketable securities, and is debt free. At year end, roughly 60% of our cash in short-term investments were onshore. Inventory levels were well managed, and at year end had fallen to $77 million, the lowest level in almost four years, an indication of our success in reducing lower margin distribution inventory, and the benefits of an increasing mix of digital business which has no physical inventory requirements. Reserves for sales returns and allowances as a percentage of trailing six-month non-GAAP net revenue were 13%, up from 10% a year ago, and are up on a 9-month basis to 9% from 6% last year.

Sector performance: overall the worldwide interactive entertainment segment was up mid single digits in the March quarter. Packaged goods were down 14% for the quarter, but digital continues to perform well and is up over 20% for the quarter. For the March quarter, the Western packaged goods market was down 12%, comprised of a 6% decline in high definition platforms, driven by a change in Easter timing and the industry release slate, and an 18% decline in low definition platforms.

EA was the number one publisher in the Western world for the quarter, with 19% share in North America, 20% share in Europe, and 19% share overall in the Western world versus 19% a year ago. Our share in fiscal '11 was 17% overall with 16% in North America and 18% in Europe. Industry software sales in high definition consoles and PCs remain strong and play to EA's strength on these platforms. In fiscal '11, PC and high definition console software sales in the Western world grew by 13%. In fiscal '11, approximately 80% of EA's total packaged goods revenue was on these growing high definition platforms, which offer attractive digital extension opportunities for EA.

Digital highlights for Q4 and fiscal 2011: in Q4, non-GAAP digital revenue increased by 72% from $156 million to $268 million, comprising 27% of total revenue this quarter. This growth far outstripped sector performance. For fiscal '11, EA generated digital revenue totaling $833 million, up 46% for the full year. DLC and free-to-play micro transaction content was $113 million in Q4, up almost 200% versus last year. Mobile and other handheld digital revenue continues to grow at or above the market, and was up 25% versus last year thanks to growth in smartphone-related revenue, which more than offset a reduction in feature phone-related revenue. Full game downloads were $34 million, up 21% year-over-year. Revenue from subscriptions, digital advertising and other was $51 million, an increase of 50%.

Notable DLC contributors included the FIFA 11 and Battlefield: Bad Company 2 franchises, which as of the end of the year posted non-GAAP digital revenue of $46 million and $48 million respectively, with more anticipated in fiscal '12. It is now possible for us to see more than $50 million in high margin digital revenue derived from a single core packaged goods franchise.

As of the end of Q4, we had approximately 112 million users in our Nucleus consumer registration system, up from 61 million a year ago. The number of monthly active users in Nucleus is now well past 20 million as of March fiscal '11. Please note that in addition to our Nucleus registered users, we have tens of millions of additional consumers playing our social and browser-based games, which will eventually be registered in the Nucleus system for upsell and cross-sell opportunities.

Guidance: our fiscal '12 non-GAAP EPS guidance of $0.70 to $0.90 shows EPS growth of more than 14% at the midpoint versus our fiscal '11 result. This compares to the 10-plus% growth we referenced on the last call. There are several key assumptions worth noting: we have planned our NFL business conservatively; there is no FIFA World Cup title compared to last year; we will not have an NBA simulation title in fiscal '12; we continue to make investments in our digital business; and we assume that Star Wars: The Old Republic ships in the calendar year, but our guidance range accounts for a range of ship dates within the fiscal year.

Fiscal '12 non-GAAP revenue: on a non-GAAP basis, we expect a total of $3.75 billion to $3.95 billion in fiscal '12 revenue. We expect to grow digital faster than the industry, reaching approximately $1.05 billion to $1.1 billion for the full year. Our non-GAAP expectations for publishing revenue range from $2.5 billion to $2.65 billion, and our distribution of revenue expectations are approximately $200 million.

Our fiscal '12 plan currently includes a total of 22 primary titles, down from 36 in fiscal '11. Please note that we've included a fiscal '12 title plan in our press release that details our principal titles to be launched by quarter. However, this list does not include Star Wars: The Old Republic, which we will launch as a digital service.

GAAP revenue and EPS: our expected fiscal '12 GAAP net revenue guidance is $3.7 billion to $3.9 billion. Our fiscal '12 GAAP EPS guidance range is breakeven to $0.28 per share, and GAAP tax expense is expected to be approximately $50 million. GAAP gross profit margins: we expect GAAP gross profit margins of approximately 62% and we expect full year non-GAAP gross profit margins of approximately 62% to 63%.

Operating expenses: we expect fiscal '12 non-GAAP operating expenses to be slightly greater than fiscal '11 given current FX rates, but essentially flat versus fiscal '11 constant currency. GAAP operating expenses are expected to be approximately $2.25 billion. Our fiscal '12 non-GAAP EPS guidance range corresponds to a non-GAAP operating income margin of approximately 8% to 10% with approximately $5 million in other income and expense, a full year non-GAAP tax rate of 28%, and a reduction in share count due to repurchase activity resulting in an estimated 329 million diluted shares for the year.

Q1 and full year phasing: for Q1 fiscal '12, we expect the following for non-GAAP results: revenue between $460 million and $500 million and a non-GAAP loss per share of $0.44 to $0.49; non-GAAP gross profit margin is expected to be approximately 54%; operating expense is expected to be roughly $470 million; and share count is an estimated 330 million.

For GAAP results we expect the following for Q1 fiscal '12: revenue between $910 million and $950 million and GAAP earnings per share of $0.44 to $0.53; gross profit margin is expected to be approximately 75% to 76%; operating expense is expected to be approximately $530 million; and share count is an estimated 334 million.

For full year phasing, please consider the following: the first half of fiscal 12 represents a continuation of fiscal '11 phasing trends, with our P&L driven by the timing of individual package titles and digital growth. In the second half of the year, we expect to begin seeing a more ratable and profitable P&L based on subscription revenue growth from Star Wars: The Old Republic, and leverage from higher unit sales of key owned IP.

We expect fiscal '12 quarterly revenue phasing to be similar to fiscal '11, with non-GAAP revenue distributed as follows: Q1 approximately 13%, Q2 approximately 24%, Q3 approximately 38%, and Q4 approximately 25%. We expect to incur approximately 49% of our non-GAAP operating expenses in the first half of fiscal '12 and the balance in the second half. In terms of splits between R&D, marketing and sales, and G&A for the year, we expect to incur roughly similar amounts for each category as we incurred in fiscal '11.

In terms of non-GAAP earnings phasing for fiscal '12 versus fiscal '11, the first half of the fiscal year will be down versus last year, but we expect year-over-year earnings growth at the midpoint of our guidance to be approximately 44% in the second half of fiscal '12 compared to fiscal '11. While we fully anticipate launching Star Wars: The Old Republic in Q2 or Q3, the low end of our guidance range assumes the outside possibility of a January launch.

Cash flow: we expect fiscal '12 operating cash flow to be $250 million to $300 million, down primarily due to the timing of certain license payments in fiscal '12. We expect fiscal '12 capital spending of $125 million to $150 million. EA is making three significant infrastructure investments in fiscal '12: server infrastructure for Star Wars: The Old Republic, direct-to-consumer infrastructure, and related information technology systems.

Foreign exchange: our guidance assumes the following FX rates for the fiscal year: US$1.38 to the euro, US$1.01 to the Canadian dollar, and US$1.62 to the British pound.

For the sector, we expect the worldwide interactive entertainment segment will grow 5% to 10% in calendar '11 versus calendar '10, with more than 20% growth in digital and an approximate 5% decrease in packaged goods. We expect the packaged goods segment to remain bifurcated with stronger growth of approximately 4% in high definition consoles and PC, offsetting 15% decline from standard definition consoles and dedicated handheld devices.

We also want to provide increased investor visibility into three important financial considerations: number one, capital allocation strategy; number two, return on investment measures; and number three, our fiscal '12 exit earnings model.

Let me start with our capital allocation. We will remain focused on efficient capital allocation, ensuring that we remain well capitalize with adequate cash on hand to fund operations in light of highly seasonal cash flows. As of March 31st, 2011, EA had $2.2 billion in cash, short-term investments and marketable securities, or approximately $6.70 per share. Of that, $1.4 billion in cash, short-term investments and marketable securities was onshore. We felt that onshore cash was greater than our foreseeable needs, so in February this year, we announced a $600 million repurchase program. In Q4 fiscal '11, EA repurchased 3.1 million shares at a cost of $58 million. $542 million remains authorized for the repurchase program over the next 15 months.

EA takes into account its weighted average cost of capital of approximately 10% when reviewing investment proposals, including the greenlight process for major game titles. While we have several financial hurdles for investments, one good reference point is the number of the titles that achieve a greater than 20% IRR on a standalone basis. On this basis, the percentage of EA titles exceeding the financial target increased from approximately 50% in fiscal '10 to 70% in fiscal '11. This improvement was driven by continued cost control in our title development, hitting target ship windows, and getting more units and revenue, including digital revenues, from each of our major titles.

And finally, we expect that EA will exit fiscal '12 with a non-GAAP EPS run rate and operating margin greater than what is indicated by our full year guidance range. The principal driver here is the ship date of Star Wars. We opened fiscal '12 with Star Wars in development and incurring expense. We closed the year with Star Wars in operation, generating high margin, ratable digital revenue and profits.

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

Frank D. Gibeau, President-EA Games Label

Thanks, Eric. I'm going to review some highlights from our fiscal '11 performance, and then provide some detail on three of our most exciting launches in fiscal '12; Battlefield 3, Need for Speed The Run, and Star Wars: The Old Republic.

The EA Games Label delivered a record year for quality, schedule predictability, and best of all, profitability, significantly exceeding our internal plan. A key goal we set out for the year was to increase the strength of our wholly-owned IP over multiple platforms. We delivered on this with Need for Speed Hot Pursuit, Medal of Honor, Mass Effect 2, and Dragon Age. The big driver in this success was a measurable improvement in quality. The quality average across our entire portfolio of nine games was an average of 84 Metacritic. High quality on core games is key to our strategy to extend our properties to new platforms.

Schedule predictability was another big win for us. 100% of our internally developed games hit their launch date. The Games Label also nailed our goal for delivering digital revenue. On a full year basis, our downloadable content from console and PC combined was triple our fiscal '10 results. These digital extensions have played a major role in increasing our profitability.
One of our digital offerings is Dragon Age Legends, a free-to-play game currently on Facebook. This one is attracting a good fan base and monetizing nicely. Dragon Age Legends offers a lens into the future where a game franchise with a large and loyal fan base can attract new players and new revenue streams without cannibalizing the core product. In fact, our research on player telemetry shows that people who first experience this franchise on the Facebook platform show strong intent to purchase the core game on PC and console. This is a win, win, win. Free-to-play Facebook games generate incremental revenue, introduces new players to the franchise, and drives purchase intent for the higher priced disc-based game. Free-to-play is additive, not cannibalistic.

In addition to Dragon Age Legends, we have six free-to-play services live and in beta based on big franchises like Battlefield and Need for Speed. These services are scaling fast, with nearly 15 million registered users to date, and strong revenue and profit growth. This model is also working at EA SPORTS and EA PLAY, which have launched Madden Superstars, FIFA Superstars, and Monopoly Millionaires on Facebook, with many more to come. EA is uniquely suited to this multi-platform strategy. No other game company has the deep IP portfolio and the cross-platform capability to capture this.

Next let me outline three world class launches we have planned for fiscal '12. I'll start with Battlefield 3 from our DICE Studio in Stockholm. The game is built on our brand new Frostbite 2 Engine. It takes the battle to an urban landscape with dynamic weapons, destructible environments, vehicular warfare, and a team-oriented multiplayer that provides a highly competitive social experience. Battlefield 3 absolutely blew away critics when unveiled at the Game Developers Conference in March.

Pre-orders tell a compelling story. Pre-orders for Battlefield 3 are up more than 700% versus the same period before the launch of Battlefield: Bad Company 2. A lot of people are telling us they want to play this game on day one. We know we have a big competitor, but head-to-head with Call of Duty in Q3, we have the superior game engine, superior development studio, and a flat out superior game. Our goal is to significantly gain share in the huge FPS category and to put the other team on defense. Come and see for yourself. We'll be showing brand new code and features at E3 in June. I encourage everyone to make time for Battlefield 3.

Our second blockbuster, Need for Speed The Run, was announced last week with a trailer that revealed another spectacular game in this globally recognized franchise. Developed by the Black Box team in Vancouver and built on our proprietary game engine Frostbite 2, Need for Speed The Run offers an edgier experience that takes players on an action-packed, high stakes race from San Francisco to New York.

And finally, the biggest event of the year will be Star Wars: The Old Republic, a jaw-dropping subscription-based MMO that is captivating critics and fans in the beta test. We currently have over 1 million double-opt-in beta testers for the world's first story-driven, fully voiced MMO. Everyone is waiting for us to announce the ship date. Sorry, but that's not going to happen today. We're holding the date for two reasons: first, we don't want to tip off the competition; second, we want more data from the beta test to guarantee a spectacular experience at launch.

At EA Games Label, we couldn't be more proud of fiscal '11 or more excited about fiscal '12. No other company connects gamers to so many great titles on so many platforms. Now I'll turn the call back over to John Riccitiello.

John S. Riccitiello, Chief Executive Officer

Thanks, Frank. Fiscal '11 was a very good year for EA overall. You have heard from Frank on the record year his team delivered at the EA Games Label, and EA SPORTS had a record year for revenue and profitability. We are particularly proud of delivering the very high end of our financial guidance and exceeding our $750 million digital non-GAAP revenue goal.

Today we are a very different company. We have strengthened our IP portfolio, our quality, and importantly, extended our franchises onto new and fast growing digital platforms. From here, it's about building a better, more predictable, and more profitable business. We will continue to build the game industry's most powerful collection of globally recognized intellectual properties. We will build and launch a direct-to-consumer software platform while supporting the great hardware from the key first parties and the retail operations of our largest customers. We will extend our hugely talented teams to create and manage IP across the entire spectrum of console, social and mobile platforms.

This is all about building shareholder value. We're expanding our earnings power while building a more predictable, less seasonal, less cyclical business, a business that is less dependent on individual hits and more deeply anchored in the ongoing modernization of game franchises. We're shifting to offense and running plays no other company can. This is how we create greater shareholder value.

With that, we are happy to take your questions.

QUESTION AND ANSWER SECTION

Operator: [Operator Instructions] Your first question is from Brian Pitz with UBS Investment Bank.

<Q – Brian Pitz – UBS Securities LLC>: ...about the impact on the business from the PlayStation Network outage. Obviously this is a pretty significant situation. Any results impacted to date? And can you help us understand the decision to support Battlefield with $100 million in marketing campaign? Is that going to be enough or is that too much? How should we be thinking about that investment? Thanks.

<A – John Riccitiello – Chief Executive Officer>: This is John, Brian. We'll probably pick that up in a couple pieces. One thing I was alerted to during the call, just for everybody listening, is that it was apparently muffled and a little rough to hear. We made a switch so we'll be a little clearer during Q&A, at least we hope so. And we've already posted and sent out the full transcript to allow those that may have missed a word here and there that they wanted to hear. Apologies for that. I have no idea what happened there.

To your question, I'll take the second part first. Battlefield 3 is actually a misquote of something I said. What I said was, over $100 million in competitive spending, meaning EA and Activision would spend well north of that competing for first-person shooter leadership this fall. That misquote got repeated and then built on in a few other gamer publications. And we are not putting out a specific budget for our Battlefield 3 launch campaign. We never do. And that was the reason I kept it in the generic what I expected the combined to be, which would be more than that. Eric may want to speak to the point about PS3 and impact on our financials.

<A – Eric Brown – Chief Financial Officer & Executive Vice President>: Yeah, in terms of the PSN outage, obviously we're hopeful that that comes back online as quickly as possible. We were aware of that heading into the construction of our Q1 guidance. We think there's a modest impact that we've already factored in here in the upcoming quarter.

<Q – Brian Pitz – UBS Securities LLC>: Great, thanks.

Operator: Our next question is from the line of Justin Post with Merrill Lynch.

<Q – Ryan Gee – Bank of America Merrill Lynch>: Yes, hi, this is Ryan Gee calling in for Justin Post. I guess, a couple years back at your Analyst Day in, I think it was '08, you guys gave like an estimate for some of the different labels. And I was wondering if you could just update us on the size of your sports business, maybe what it was in fiscal '11 and then what it could be in fiscal '12, some of the titles that are going in and out? And then also on the beta test for Star Wars, it sounds like you guys are already ongoing with that, but how long does a test like that last before full product launch can actually take place? Thanks.

<A – John Riccitiello – Chief Executive Officer>: So break that into two, I think. I'll pick up on the sports point. Yeah, I'm not sure about the relevance to sort of 2008 and we don't put out label level financials. I would make the following points about the EA SPORTS business. It recorded record revenues and profit in fiscal '11. Part of that is driven by a non-annual title in FIFA World Cup and – which added north of $100 million to our business, very profitable revenue.

And the sports business, while still projecting strong profitability and a very good business in fiscal '12, we did note and would note that there's about a $0.25 billion challenge that needs to be overcome in that business. It's a combination of risks in and around lockouts, our decision on the ship date for NBA ELITE packaged good, and then non-lapping the World Cup title. What's great is we've got strong guidance despite that, but those are sort of some of the headwinds on that business you've identified correctly.

<A – Frank Gibeau – President-EA Games Label>: With regards to your question on Star Wars – this is Frank. Typically, MMOs have about a six-month run in terms of beta testing. We've been continuously testing Star Wars already and have already embarked on that process so we feel very good about the type of telemetry and feedback that we've got coming back in from that, and we have a very sizable signup list of beta testers that are actively engaged in making the game better.

<Q – Ryan Gee – Bank of America Merrill Lynch>: Okay, great, thank you.

Operator: Our next question is from Edward Williams with BMO Capital Markets.

<Q – Ed Williams – BMO Capital Markets (United States)>: Good afternoon. Just a quick question to follow up a little bit on the betas if I could for a moment. Can you give us a little bit of color as to what the level of interest is at this point in the Star Wars beta? And then if we're to look at your guidance for the year and the range of your guidance, can you comment a little bit about what's at the high end in terms of the assumption behind Star Wars? Is that kind of a, what the timing may be in the launch of the game, or if you could give brackets around what we might be thinking of in terms of a sub level or an ARPU level even?

<A – Eric Brown – Chief Financial Officer & Executive Vice President>: So this is Eric and I'll take the second part of the question first. So our guidance range at the high end of $0.90, we've given a ship date range of Q2 to – fiscal Q2 to fiscal Q3 for Star Wars. And so Star Wars shipping earlier, i.e. in Q2 versus Q3, is factored into the $0.90 upper range. We are not giving any specific subscription or subscriber targets, nor – or ARPU. The only thing we've said about business model is it's expected to be monthly subscription-based but beyond that we haven't given any specific metrics for that.

The other thing, though, in terms of operating within the guidance range, moving from the upper end down to say, the middle or the lower end, is if the ship date should slip by a couple months from Q2 into the latter portion of Q3, it's north of $0.05, $0.05 to $0.10 in terms of variability based on the ship date of Star Wars within the windows that we've provided there. And that is, of course, factored in to the $0.20 overall non-GAAP EPS guidance range.

<A – John Riccitiello – Chief Executive Officer>: In terms of your first question about interest in the beta, it's exceedingly high. The demand metrics for this franchise are amongst the highest we've ever seen at Electronic Arts. And in fact, the customer data coming in from the beta test, intent to purchase, quality rating, desirability are all at the very high end of what our partners in the testing groups have seen. I'm very excited and confident that we've got the right game.

<Q – Ed Williams – BMO Capital Markets (United States)>: Great, thank you.

Operator: Our next question is from Brian Karimzad with Goldman Sachs.

<Q – Brian Karimzad – Goldman Sachs & Co.>: Hi, gentlemen, I guess first one just parsing a bit the digital guidance, so this year ex that $27 million one-off benefit, you did about 40% digital revenue growth. For fiscal '12 you're implying 34% growth even though you have some benefit from the MMO in there. So if you were to think about what's baked in there, excluding the MMO, is it safe to say you're assuming somewhere in the – call it high 20%, low 30% growth range? Or are you baking in a more material deceleration from the fiscal '11 growth rate for digital ex the MMO?

<A – Eric Brown – Chief Financial Officer & Executive Vice President>: This is Eric. I mean, we're looking to grow all portions of the digital portfolio year-over-year. We're coming off a year where every line item was up 20% or better, whether it's mobile, free-to-play, micro transaction, DLC, subscription, advertising, other, et cetera, full game digital download. So we've experienced strong growth across the portfolio.

We think Star Wars will obviously lead to digital growth. There's some variability based on the ship date so we're going to get a partial year. It's a question of how many months that we get, so that has to be taken into account in terms of the guidance overall. So it will be additive to two line items in terms of the guidance: subscription and we expect to sell some of the clients via direct digital download. So that'll also be included in that digital full game download category.

The one area where there's likely to be a deceleration is in console-related DLC. At this point in time, what we've done is we've effectively digitally enabled 90%, 95% of the portfolio versus less than say, 25% two years ago. So we had the benefit of going from in some cases zero digital revenue in the franchise to $10-plus million of digital revenue. So if there's any deceleration, it has to do with that aspect. You can't re-digitally enable every portfolio.

What I would call out though, is that one of the things you can see in our FY '11 digital results is strength coming out of our number one packaged goods title, FIFA, where we reported in fiscal '11 more than $100 million in digital revenue across all the revenue types: free-to-play, DLC, mobile, et cetera. So what we're starting to see is significant digital leverage per packaged goods franchise. And what we're looking to do over time is to get more titles in the $50-plus million digital extension level like we've done with FIFA and Battlefield: Bad Company 2.

<Q – Brian Karimzad – Goldman Sachs & Co.>: And on Battlefield 3, I know I'm not going to get an absolute pre-sale number out of you, but can you give us some color on what mix of folks have elected for digital download when they made that pre-order? And also a sense for – I'm guessing a lot these folks were already on Nucleus, so what mix of them were existing Battlefield purchasers or owners or players?

<A – Frank Gibeau – President-EA Games Label>: Yeah, these are pre-orders coming in from retail so we don't really have a mix on the digital piece at this time. It's all basically apples-to-apples on a retail level. When we looked at on the Nucleus level, there's a lot of new users coming in. The game is a generation ahead of what's out there because of the Frostbite 2 technology. People are very excited so we're seeing a lot of interest coming in from non-Battlefield fans.

<A – Eric Brown – Chief Financial Officer & Executive Vice President>: I would also add that the first-person shooter, we saw strong digital client uptake on Medal of Honor, so PC digital direct, so it seems as though that mode of delivery is resonating well with the FPS fans.

<Q – Brian Karimzad – Goldman Sachs & Co.>: Okay, thank you very much.

Operator: Your next question is from James Hardiman with Longbow Research.

<Q – James Hardiman – Longbow Research LLC>: Hi, thanks for taking my questions. First, you had a couple of really highly rated games you came out with in the fourth quarter, certainly Crysis 2, Dead Space 2. It seems like these are games that the critics at least liked quite a bit and yet the sales were maybe not quite where I had hoped and maybe you had hoped. Have you learned some lessons about maybe the launch window so closely on the heels of a pretty solid first-person shooter game that came out over the holidays? And does that have any ramifications about how you think about launch windows as you move forward with high quality first-person shooters?

<A – John Riccitiello – Chief Executive Officer>: So almost all of us would probably have a different point of view but I would start by saying that Dead Space 2 in I guess a post-holiday window has dramatically outsold Dead Space 1. And that's precisely what we want to see with these things which is we create a franchise, we manage to get to reasonable profitability with the first edition, and build that intellectual property so it's got the breadth and shoulders so each successive release could sell more than the one prior. That's where the profitability comes in our business and we've been doing that well. And Dead Space is a perfect example that's working despite its moving from a holiday quarter introduction to a post-holiday follow-on. And it did well and we're pleased with the outcome. Do you want to pick up on Crysis...?

<A – Frank Gibeau – President-EA Games Label>: Yeah, Crysis 2, that shipped at the very end of March, and so yeah, the data that's coming out through NPD and the others doesn't really reflect the full measure of how the game is selling. It's selling extremely well, and it's continuing to sell very well into the new fiscal year. So the title's got legs. It's extremely high quality. The guys at Crytek really nailed on the product. And it's got deep multiplayer, which is keeping it in the disc tray and people are continuing to play. The marketing's continued to really branch out and bring new users in. And so we're very pleased with the Crysis 2 launch. I think maybe we're looking at too early a read because it shipped so late in March.

<A – John Riccitiello – Chief Executive Officer>: I'd add one thought to this as well. I had mentioned this as did Frank on the call, we're pursuing digital in a way that no other company is, and Dead Space is a perfect example of this, more early innings than FIFA or Battlefield. But the core thesis that we're able to do that literally no one else can do and it generates strong profit opportunity for us is taking a property like Dead Space and then driving it across iPads, across iPhones, across Androids, ultimately in social, DLC, ongoing micro transactions associated with the franchise.

What we're finding from our telemetry, and we have details we're quite convinced we're right, we're not trading dollars for pennies. We're in fact adding new revenue streams and increasing the interest in our existing business model while adding new business models. As we concentrate our intellectual property portfolio, we're doing something, as I said, no one else can do in that there really isn't a competitor that's a leader in console, a leader in PC, a leader in DLC, a leader in micro transaction, the leader in iOS, a leader on social networks like Facebook. So it's taking our best properties and frankly, I think if you try to evaluate any of them just on packaged goods, you're missing the larger picture and the larger opportunity that we have [indiscernible] (43:58).

<Q – James Hardiman – Longbow Research LLC>: Very helpful. And then I was hoping you could maybe give us a little bit more color. You talked about a $250 million revenue challenge this year versus last. I'm assuming that a good chunk of that you sort of know, in terms of the NBA ELITE certainly and the FIFA, and then I was hoping you could maybe qualitatively talk about the piece that you don't know. It sounds like that's primarily Madden. What are your sort of thoughts about whether or not a season this year or a delayed season, how does that affect Madden? And if the NFLPA and the NFL came to an agreement tomorrow, how would that change your assumptions and ultimately your guidance?

<A – John Riccitiello – Chief Executive Officer>: So think of it this way: one, there's 112 million fans out there with an opinion and I may have an insider's seat but in terms of trying to give you an insider's view, I won't do that here. I think that's for the NFL and the NFLPA to do. Personally I'm a fan and I'm hopeful there's a season. In terms of business planning, we planned the business down about a third, 85, 90 million bucks, on the principle that there's a lockout for the season. That's a worst case planning assumption. We expect it to do better if there's a season. And as I say, we're hopeful there's at least a partial season.

The third thing to know and we communicated this some time ago at an investor conference, we have – we came to an accord with the NFLPA regarding our business relationship with them that largely facilitates, if you will, profit protection in the downside scenario. So think of revenue upside, relatively modest upside if there's a season, but the revenue loss is baked into our guidance.

<Q – James Hardiman – Longbow Research LLC>: And that's baked into your guidance throughout the full $0.70 to $0.90 range, or is it...?

<A – John Riccitiello – Chief Executive Officer>: It's baked in at every scenario and the assumption is there's no season. That's what's baked into our guidance.

<Q – James Hardiman – Longbow Research LLC>: Got you, very helpful. Thanks, guys.

Operator: Our next question is from Arvind Bhatia with Sterne, Agee & Leach.

<Q – Arvind Bhatia – Sterne, Agee & Leach, Inc.>: Yeah, thank you and congratulations on a strong quarter. My first question, guys, is on the direct-to-consumer business that you're building. I think, Eric, I heard you say part of the reason some of the expenses on the OpEx side will be higher would be spending on that. Can you provide us some more color there? How soon you want to ramp that up? How big do you see that business over the next 12 to 24 months, just what the plans are?

<A – Eric Brown – Chief Financial Officer & Executive Vice President>: Sure, just to be clear, overall you would expect OpEx to be up slightly year-over-year but only due to FX overall, and a constant currency basis roughly flat. We do however expect to increase capital spending year-over-year and we called out really three items there. One is the buildout of the Star Wars server infrastructure to bring that service live, and the other two were to support our D-to-C initiative.

So we anticipate ramping a bit on the capital side as we deploy platform technologies and support systems to further beef up, for example, our Nucleus registration system. It's at 112 million registered users as of the end of the quarter, roughly double where it was a year ago. That system has to be ultra scalable, so we've taken that into account in terms of our capital spending assumptions there.

Also, we're making further investments in customer acquisition and monetization. CRM messaging is an area that we've really started to focus on. We sent more than 0.5 billion direct messages in fiscal '11. We intend to increase capacity in that area as well. So those are a couple of examples of D-to-C investments that we have looking at FY '12.

<A – John Riccitiello – Chief Executive Officer>: And some color on that, I think you were getting at about our spending on digital, we are actually increasing our spend in digital. What's happening is there's a shift in mix. If you were to take EA's aggregate investment in SG&A or look exclusively at R&D, the internal data shows us a pretty sharp waterfall. What we've been doing is stepping down investment against our core packaged goods business, and stepping up investment against digital opportunities.

In fact, this year we're getting reasonably close to 50/50. Obviously, three years ago we were closer to 90/10. So sort of under the surface of this business is a dramatic transformation of our resource allocation, which is why we describe ourselves looking forward to a fully integrated digital business because virtually everything we're doing now is against the digital opportunity. It's where we see our growth, it's where we see our margin expansion. It gets us that less cyclical, less seasonable, more ratable and more profitable business.

<Q – Arvind Bhatia – Sterne, Agee & Leach, Inc.>: Very good, and then one of your key titles for fiscal fourth quarter is of course Mass Effect 3 and I didn't hear too much about that. So I wondered if you could take the opportunity, maybe talk a little bit about what's happening there and what you see so far?

<A – Frank Gibeau – President-EA Games Label>: This is Frank. Yes, the Mass Effect 3 title is well under development up at our Edmonton studio. And we're very excited about the innovation that we have planned for the game. For the first time in the Mass Effect series, we're actually going to be able to launch on all platforms simultaneously, which will allow us to expand the market fairly dramatically. We have some announcements at E3 that I think everybody will be excited about in terms of some feature innovation and some new ways to play Mass Effect. But it was a very successful franchise for this year. It won 150 different awards. It had a – I think its Metacritic was nearly 95, so this is a great platform for us to continue to build from, and we're very excited about Mass Effect 3.

<A – John Riccitiello – Chief Executive Officer>: Just to add a little bit, this franchise is a personal favorite of mine. I won't get into any game play strategies, but I will point out that the franchise has done exceptionally well so far. It is one of the franchises we're building on. And one of the things Frank and Ray Muzyka and the team up in Edmonton have done is essentially step by step adjust some of the game play mechanics and some of the features, which you'll see at E3, that can put this into a genre equivalent of shooter meets RPG, and essentially address a far larger market opportunity than Mass Effect 1 did and Mass Effect 2 began to approach. So we're huge believers in the intellectual property and we are purposely shifting it to address a larger market opportunity.

<Q – Arvind Bhatia – Sterne, Agee & Leach, Inc.>: Okay, great. Thank you, guys.

Operator: Your next question is from Atul Bagga with ThinkEquity.

<Q – Atul Bagga – ThinkEquity LLC>: Hey, guys, thanks for taking my question and congratulations on the quarter. I have a couple of questions for you. A) I wanted to understand a little bit about your philosophy around investment in new IPs versus building out, extending the existing IPs? How many new IPs we can expect to see year-over-year from EA?

<A – John Riccitiello – Chief Executive Officer>: So – John here. A couple thoughts. So just a few years ago, we had north of 75 packaged goods titles and in fiscal '12, we have 22. If you listened carefully to Eric's commentary during the call, if you could hear it over some of the interference that was there, we have a very strong focus on making sure we achieve greenlight hurdles involving our own profit metrics, but one important one is strong IRR and [ph] – pretty sure by whittling the titles we're driving up the (51:16) profitability, the ROIC for the company overall.

We are still investing in new intellectual properties. At any given time, we have two or three in development. We do now, and we will be making announcements when it's appropriate to do so. But we're still believers in new intellectual property. If you want to think about where EA is trying to go, it's around this concept of about a dozen great IP that we can program, if you will, 12 months of the year with 12 months of revenue across multiple platforms and multiple business models on a global – addressing a global opportunity.

The second thing is to that, trying to add one meaningful new property a year, recognizing that some genres, some sectors don't perform forever. Take the music genre for example, it was all the rage on ours and a competitor's call a couple years ago, and it's essentially not a subject today. So we're a believer in our, if you will, our great dozen IP. And we recognize the need to add to that in order to keep it at a dozen to grow – expand that portfolio.

<Q – Atul Bagga – ThinkEquity LLC>: That's helpful. And my second question is around your Nucleus database. I wasn't sure if you guys touched upon this. So right now the 120 million Nucleus registration, does it include people who are coming from Playfish side? And going forward, how do you see this evolving? Do you see EA becoming more focused on distribution, co-publishing, given your platform advantage with the Nucleus registration database? Thank you.

<A – Eric Brown – Chief Financial Officer & Executive Vice President>: Yeah, this is Eric. So as of the end of Q4, we had 112 people registered in Nucleus.

<A – John Riccitiello – Chief Executive Officer>: 112 million.

<A – Eric Brown – Chief Financial Officer & Executive Vice President>: 112 million and that did not include Playfish or some other game services like Pogo...

<A – John Riccitiello – Chief Executive Officer>: Mobile.

<A – Eric Brown – Chief Financial Officer & Executive Vice President>: Or mobile. So if we were to take all those other sources and merge it as we are in the process of doing and add it to Nucleus, it would be well north of 150 million, probably closer to 175 million. And we fully expect to integrate that user data from those other systems and drive in our future product releases registration to Nucleus. And so this is really going to be an important asset to the company. It allows us to do some of the things that you were referring to, to direct market both our titles and potentially titles that we would digitally distribute on behalf of other developers. And so think of this as evolving analogous to the way that we evolved our packaged goods distribution business successfully through EAP.

<A – John Riccitiello – Chief Executive Officer>: Yeah, the equation in our industry moving forward in so many ways today, we talk about packaged goods, we talk about units, we talk about price. The conversation that's driving EA at this point is really more about the lifetime value of the consumer, the customer, less the acquisition cost for that customer. And what Nucleus gets us is the opportunity to build directly against that type of a business model which can yield that more profitable business.

I will tell you that we're going to focus a lot of our communication at E3 in describing what we mean by a platform that extends and augments console, PC and mobile that we put into our prepared comments today. We think it's actually one of the most valuable parts of our company and will lead us into a much better future. So it's a heavy emphasis here. So far we've been giving you the equivalent of eyeballs. We haven't been telling you what we're going to use it for. You're starting to pick up on that.

If you go to EA.com and look at our Download Manager, et cetera, you see a lot of new features. If you interact with our mobile games and our iPad games, you'll see not only are you playing the Dead Space game on iPad, you're seeing the rest of our content come along with it. If you're interacting with a Chillingo product, whether it's Angry Birds or Cut the Rope, and you're involved in the Crystal platform there, you're seeing a lot of things under the surface that I think yield the best insight into where we're going as a company.

<Q – Atul Bagga – ThinkEquity LLC>: That makes sense, John. And just to follow up, how do you reconcile your partnership with Bigpoint with the Nucleus registration database that you guys are building?

<A – Frank Gibeau – President-EA Games Label>: Yeah, we had a relationship to distribute and publish some free-to-play games with Bigpoint. And I won't go into details in how we've worked that out, but we're very comfortable with the agreement that we've struck with them to continue to drive against our goal with Nucleus.

<A – John Riccitiello – Chief Executive Officer>: Yeah, think of it – think about those kinds of things. We actually don't think of ourselves in conflict with other distributors as we build out EA's platform capability. If you're – arguably there's a reason Kindle wants to be an application on the iPad, or Netflix wants to be an application inside PlayStation 3. They want to push their content in as many ways as possible. When we push individual intellectual properties through other platforms, they ultimately register with us and become our users, and then we can ultimately monetize them in more ways than that first initial purchase.

One of the great things about being an IP holder as opposed to just a distributor of content like some of the companies I just mentioned, obviously Amazon doesn't write books and Netflix for the most part doesn't produce movies. When you own that intellectual property and you bring it inside your ecosystem and you monetize them, you do so at very high margins.

<Q – Atul Bagga – ThinkEquity LLC>: Very helpful. Thank you, guys.

Operator: Your next question is from John Taylor with Arcadia.

<Q – John Taylor – Arcadia Investment Corp.>: Hi, I've got a couple of questions. I wonder if you could – this may be anticipating what you're going to do at E3, but when you talk about shifting from defense to offense, I wonder if you could sketch out kind of what that means in terms of planning, measuring compensation plans, that sort of thing to get everybody sort of focused on the same set of goals? Any way you can kind of address that?

<A – John Riccitiello – Chief Executive Officer>: Only if you could spend a couple weeks with us but I think the best answer to that question is essentially this: we have radically reduced complexity in our company as we've gone from mid 70s to low 20s on titles. And those same intellectual properties are being promoted across all the various platforms and business models. We've identified intellectual property owners inside of our company and we're sort of organizing around that.

We are essentially charging those individuals and teams with the architecture of a plan that involves console, PC, mobile, social, micro transaction, subscription, et cetera. So you get the vast simplification when you organize around a single organizing principle as opposed to multiple which is what we had to do these past three years as we managed transition.

So ultimately I would say offense is frankly a good description of what happens when you know what play to run over and over and over again, and score touchdowns or make field goals. And right now that model is our best properties, but across all those various business models, and having the teams that are charged with it feel responsible, accountable and rewarded for success.

<Q – John Taylor – Arcadia Investment Corp.>: Okay...

<A – John Riccitiello – Chief Executive Officer>: Just about time – we're getting close to the end, J.T., if we can pick up a little bit on...?

<Q – John Taylor – Arcadia Investment Corp.>: Let me ask one more. The – so, Eric, the Star Wars game, can you talk maybe about the difference in run rate before and after the game ships in terms of pre-build and then ongoing service beyond that?

<A – Eric Brown – Chief Financial Officer & Executive Vice President>: Well, I think here's the way to look at it, and we made some specific comments about what our year looks like. We measured with a portion of the year with Star Wars versus where we exit the year, where Star Wars is fully in operation. And so again we opened the year fiscal '12 with Star Wars still in development, with us occurring expense through our P&L, fairly significant R&D expenses. At the end of the year, Star Wars will be live. We'll have some of the cost shift from R&D into cost of goods as we activate the live services, the game masters, the customer care, et cetera.

But all in, the Star Wars P&L slips from being dilutive at the beginning of the year to highly accretive at the end of the year, so that's really the point that we wanted to make. Now exactly what the delta is, before and after is, subject to assumptions about subscriber accounts, retention, et cetera. We're just not in a position to get into that level of detail right now. But suffice it to say, on a fully operational basis, 12 months of Star Wars will look even better in our P&L in regards to the partial year contribution in fiscal '12.

<A – John Riccitiello – Chief Executive Officer>: But we did give a little bit on the prepared comments and I pointed out, if you could again hear it over the technology, our EPS run rate is essentially 50% higher than it was throughout fiscal '11 as we ship through the pre and post Star Wars ship date. So it's a pretty dramatic increase in earnings leverage. And one of the reasons for – is the perspective. We said plus 10% on earnings during the last call, expecting a $0.65, $0.66 EPS outcome for fiscal '11, implying $0.72, $0.73, $0.75. We just reported guidance of $0.70, $0.90, midpoint $0.80, up 14% versus our F '11 actual. But the full range is really explainable in the range of ship outcome for Star Wars.

<Q – John Taylor – Arcadia Investment Corp.>: Okay.

<A – John Riccitiello – Chief Executive Officer>: And so we think that's a very attractive situation because the actual hit the pin on the dot for when we ship it doesn't affect the underlying value of Electronic Arts. A little bit later or a little bit earlier in the scheme of things is meaningless to everything other than fiscal '11 EPS outcome.

<Q – John Taylor – Arcadia Investment Corp.>: Okay, thank you.

<Q – John Taylor – Arcadia Investment Corp.>: I think with that we're going to – we can take one last question, and we'll wrap up the call.

Operator: Yes, sir, your final question is from Sean McGowan with Needham & Company.

<Q – Sean McGowan – Needham & Co. LLC>: Hi, thank you. I was wondering if you could comment on some of the recent acquisitions that you've made and are you expecting to see additional ones, kind of small strategic ones or anything bigger coming up?

<A – John Riccitiello – Chief Executive Officer>: Thank you for asking that question because one of the things we rather enjoy here is acquiring companies and then having people speculate that we've spent five times more on it than we actually did, which is what happened the last time around with Chillingo. Here we just picked up a company we feel great about, Firemint, a very strong creative organization, and we did so at a vastly lower price than has been reported publicly. Eric, you want to pick up on specifics?

<A – Eric Brown – Chief Financial Officer & Executive Vice President>: Yeah, I think it's consistent with the strategy that we've articulated in terms of M&A, smaller scale acquisitions that are purely digital. Firemint is going to continue to drive the overall mobile portfolio, particularly on smartphones. They're talented developers. They've proven themselves with a couple blockbusters and there's more in the works. And as we look at the acquisition's overall price, it's less than $25 million. If we look at the actual EBIT multiple, it's in the 4X range and so defining metric. It's a great pick up and we're super excited to have that talented team join EA.

<Q – Sean McGowan – Needham & Co. LLC>: Okay, thank you.

John S. Riccitiello, Chief Executive Officer

All right, ladies and gentlemen, thanks for joining us on our fiscal '12 earnings call and FY '11 report. See you next time. Thanks very much.

Operator: This concludes today's conference. Thank you for your participation. You may now disconnect.