PARTICIPANTS

Corporate Participants

Rob Sison – Vice President-Investor Relations, Electronic Arts, Inc.
Andrew Wilson – Chief Executive Officer & Director, Electronic Arts, Inc.
Blake J. Jorgensen – Chief Financial Officer & Executive Vice President, Electronic Arts, Inc.
Peter Robert Moore – Chief Operating Officer, Electronic Arts, Inc.
Patrick Söderlund – Executive Vice President-EA Games Label, Electronic Arts, Inc.

Other Participants

Colin A. Sebastian – Analyst, Robert W. Baird & Co. Equity Capital Markets
Edward S. Williams – Analyst, BMO Capital Markets (United States)
Doug L. Creutz – Analyst, Cowen & Co. LLC
Arvind Bhatia – Analyst, Sterne, Agee & Leach, Inc.
Michael J. Olson – Analyst, Piper Jaffray, Inc.
James L. Hardiman – Analyst, Longbow Research LLC
Brian J. Pitz – Analyst, Jefferies LLC
Drew E. Crum – Analyst, Stifel, Nicolaus & Co., Inc.
Stephen D. Ju – Analyst, Credit Suisse Securities (USA) LLC (Broker)
Ryan Gee – Analyst, Bank of America Merrill Lynch
Mike Hickey – Analyst, The Benchmark Co. LLC
Ben Schachter – Analyst, Macquarie Capital (USA), Inc.
Neil A. Doshi – Analyst, CRT Capital Group LLC

MANAGEMENT DISCUSSION SECTION

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'll turn the meeting over to Mr. Rob Sison, Vice President of Investor Relations. You may begin.

Rob Sison, Vice President-Investor Relations

Thank you. Welcome to EA's Fiscal 2014 Third Quarter Earnings Call. With me on the call today are Andrew Wilson, our CEO; and Blake Jorgensen, our CFO. Peter Moore, our COO, and Patrick Söderlund, our EVP of EA Studios, 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 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 the 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 January 28, 2014 and disclaims any duty to update them.

During this call unless otherwise stated, the financial metrics will be presented on a non-GAAP basis. 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.

One last note: in today's remarks, PlayStation 3 and Xbox 360-related products will be referred to as current-gen or current-generation, while PlayStation 4 and Xbox One-related products will be referred to as next-gen or next-generation.

Now, I'll turn the call over to Andrew.

Andrew Wilson, Chief Executive Officer & Director

Thanks, Rob. In the third quarter of fiscal year 2014, we had the unprecedented excitement of two new game consoles launching within weeks of each other. With that came the challenge of launching a full slate of EA's top titles for both next-gen and current-gen consoles.

In terms of our quarterly performance, on the top line we generated $1.57 billion in non-GAAP revenue, which was below our guidance of $1.65 billion. As others have noted, industry sales of major games for PlayStation 3 and Xbox 360 consoles declined in Q3 at a faster-than-anticipated rate, and that softness was the primary driver of our revenue shortfall in Q3. This shortfall will impact our full year revenue guidance, and we are now forecasting our annual revenues to be $3.91 billion.

What's exciting for us looking forward is the uptake of next-gen consoles has been faster than we expected. The launches of the PlayStation 4 and Microsoft Xbox One proved to be strong new catalysts for the console gaming market. The six titles we released with the launch of the next-generation consoles; FIFA 14, Battlefield 4, Madden NFL 25, Need for Speed Rivals, NBA LIVE 14, and Peggle 2, collectively sold above expectations and exceeded our Q3 forecasts.

As a result, we have taken an early leadership position on the next-gen consoles. Based on NPD December results in the U.S., EA achieved 40% segment share on the PlayStation 4 and 30% segment share on the Xbox One, and our estimates indicate we garnered similar shares in Europe.

On average, every gamer in Europe that bought a next-gen console is playing one of EA's next-gen games. We're exceptionally proud to have been the number one publisher on next-gen consoles in December, with millions of gamers playing EA titles on the PlayStation 4 and Xbox One across the globe.

The popularity of our next-gen games has allowed us to benefit from this early growth as illustrated by our segment share numbers. Looking forward, our goal is to keep our next-gen games fresh through live services, driving sales through Q4 and beyond as more gamers shift to the new consoles. We also have a robust pipeline in front of us as the Xbox One and PlayStation 4 player bases continue to grow.

EA's digital transition also continues at full-speed. Our non-GAAP digital net revenue, including mobile, full-game downloads, and live services, was up 27% year-over-year, and we are on track to exceed our guidance of $1.7 billion in digital revenue for FY 2014.

Inside our digital portfolio, December was EA's biggest month ever for mobile downloads with over 71 million game downloads across the App Store and Google Play, the most of any game publisher worldwide. The Simpsons: Tapped Out reached a record level of daily active users during the holiday quarter, and The Simpsons FreePlay, a game that launched over two years ago, delivered its largest-ever month of revenue in December. These milestones demonstrate how mobile continues to be a fantastic opportunity for EA's expansion and revenue growth.

We are further strengthened by our financial discipline during this fiscal year. We continue to manage our costs, and remain on track to lower our expenses year-over-year, an impressive achievement in a console transition cycle. However, this is not just an effort for FY 2014: long-term operating profit growth will continue to be an ongoing focus.

Benefiting from our position on next-gen consoles, digital growth and continued cost management, our Q3 non-GAAP EPS of $1.26 exceeded our expectations by $0.04 per share, and we are raising full-year EPS guidance today by $0.05 to $1.30 per share on a non-GAAP basis.

Before I turn the call over to Blake to give additional details of our financial performance, a quick word on one of the most talked-about titles of Q3, Battlefield 4.

Launching Battlefield was a complex effort, with our teams at DICE delivering a massive game packed with innovative new features for players on next-gen consoles, current-gen consoles and PC. Shortly after Battlefield 4 went live, we began hearing from some players in the community who were experiencing issues with the game. The Battlefield team acted swiftly to address the issues through game updates, and they continue to make refinements as part of our live service to ensure a great game experience for all Battlefield 4 players. Battlefield 4 is an amazing game in size, scope and gameplay, and we're confident that gamers will be playing for a long time to come.

Q3 was an exciting start to a new generation of games, a great quarter for digital growth, and another positive step towards increasing operating profits. The stage is now properly set for the conclusion of our fiscal year, as well as the long-term opportunity in front of EA.

Over to you, Blake.

Blake J. Jorgensen, Chief Financial Officer & Executive Vice President

Thanks, Andrew. Turning to our Q3 results, EA's non-GAAP net revenue was $1.57 billion, which was below our guidance, but 33% higher than last year. Our revenue growth over Q3 last year was driven by Battlefield 4, FIFA 14, Madden NFL 25, and NHL 14. And as a note, we deferred $36 million into Q4 from programs that allowed consumers to upgrade from current-generation titles to next-generation titles. Our Q3 revenue shortfall was driven by a much sharper decline than anticipated in demand for current-generation software.

The industry showed signs of current-gen software market weakness in the third quarter, and in December, the U.S. NPD results reflected that trend with PS3 and Xbox 360 software sales declining 35% versus the prior year.

Our quarterly results were negatively impacted by this trend and some of our key titles such as Battlefield 4, FIFA 14, and Need for Speed Rivals came in below our expectations for current-gen revenues.

This downward trend on current-gen software was partially offset by our positive next-gen results and fortunately this plays well for our future. Our Xbox One and PlayStation 4 software sales were well ahead of our expectations, led by FIFA 14, Need for Speed Rivals, and Battlefield 4. Sales of each of these titles on next-gen platforms exceeded our forecasts. Based on estimates, EA titles represented 35% of the Western World next-gen software market in the third quarter, and EA was the number one publisher on PS4 and Xbox One in December.

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Q3 non-GAAP digital net revenue continues to grow over the prior year. Digital net revenue increased by 27% year-over-year to $517 million. Trailing 12-month digital net revenue was up 27% over the prior year to a record $1.86 billion.

Breaking down our digital revenue into its key components highlights the performance of each business.

First, extra content and PC free-to-play contributed $213 million, up 15% over the prior year, led by the continued growth in FIFA Ultimate Team, FIFA Online 3, and Star Wars: The Old Republic. Our year-to-date results for all of our Ultimate Team services, FIFA, Madden NFL, and NHL Hockey continue to demonstrate revenue growth year-over-year. Extra content growth was partially offset by our decision to sunset several of our social titles.

Second, our mobile business generated $125 million for the quarter, up 26% over the prior year, and 19% over the prior quarter. Smartphones and tablets continue to represent a majority of the revenue, accounting for $110 million of the $125 million total, and growing 39% year-over-year.

Third, full game downloads added $113 million, up 157% over the prior year. This was largely driven by the launch of Battlefield 4 on PC in the quarter.

And finally, subscriptions, advertising, and other digital revenue totaled $66 million, down 16% over the same period last year. This was driven by a decline in POGO subscription and advertising revenue, and a decline in Star Wars: The Old Republic subscription revenue, as the free-to-play offering continues to grow.

Moving on to gross margins; our non-GAAP gross margin for the quarter was 68.1%, up over last year's 65.7%, and in line with our guidance. The improvement was due to our product mix shift as well as the growth in digital, lower transaction fees as we move away from the social business, and the benefits of our new digital platform.

Operating expenses for the quarter were $540 million, up 11% (sic) [$11 million] from last year, and $60 million lower than our guidance. Operating expenses as a percentage of revenue was 34%, compared to 45% in the prior year. Our improving operating expense leverage illustrates the success of our cost control programs, as we continue to drive our operating margins above 20%, while remaining focused on investing in future growth.

The resulting non-GAAP EPS was $1.26 per share, which exceeded our guidance of $1.22 per share. Our EPS came in above our guidance due to our continued efforts to focus R&D investments on high return opportunities and managing our marketing expenses through greater performance-based advertising strategies.

Our cash and short-term investments at the end of the quarter were $2.07 billion, or approximately $6.70 per share. Roughly 60% of this cash and short-term investment balance is held outside of the U.S.

Net cash provided by operating activities for the quarter was $685 million, compared to $363 million in the prior year. On a trailing 12-month basis, operating cash flow was $664 million. This is the highest trailing 12 month operating cash flow for EA since 2005. During the quarter, we did not repurchase any shares.

Now turning to guidance. With respect to our Q4 guidance, GAAP revenue is expected to be $1.07 billion, and GAAP earnings per share is expected to be $0.72.

Our non-GAAP revenue for the quarter is expected to be $800 million. This estimate factors in the steeper-than-anticipated declines we saw in current-gen software revenues. Also, as a reminder in

Q4 last year we launched five core titles and recognized the full year's Battlefield 3 Premium subscription revenue. This year, we will be launching two titles in the quarter and recording Battlefield 4 Premium subscription revenue on a ratable basis.

Our non-GAAP gross margin is forecasted to be approximately 71%, down against the prior Q4 gross margin of 74%. Our forecast in Q4 includes $36 million of revenue deferred from Q3 for promotional upgrade programs. As a reminder, last year's higher gross margin was attributable to the recognition of all of the Battlefield 3 Premium subscription revenue in the fourth quarter.

We expect our total non-GAAP operating expenses to be $525 million. Our operating expenses will be impacted by our planned marketing and advertising for our key titles on next-gen. This results in a non-GAAP diluted EPS of $0.09 per share.

For the full year, non-GAAP revenue is now estimated to be $3.91 billion and gross margin is expected to be 66%. Due to the favorable results of our continued cost control efforts, we are now estimating operating expenses to be reduced to approximately $2.04 billion, and we are raising our EPS guidance by $0.05 to $1.30 per share.

The GAAP guidance is estimated to be $3.52 billion in revenue, and a loss per share of $0.42. As we have pointed out in past quarters, our consumers are playing our games online over longer periods of time, and this longer period affects the length of time over which we are required to recognize GAAP revenue, which will drive the deferral of an incremental $385 million of net revenue into fiscal 2015. This longer service period has no impact on our non-GAAP revenue or cash flows.

Regarding cash flow, we are raising our estimates for fiscal 2014 operating cash flow to approximately $600 million. This implies expected free cash flow generation of approximately $500 million, which is up $200 million from our previous guidance, and more than twice what we generated in fiscal 2013.

Regarding fiscal year 2015, we will provide guidance during our Q4 earnings call, when we will be in a much better position to share our insights. At that time, we will give you our title slate for the year and our expected financial guidance, which will be a continuation of our multi-year plan of improving operating profits and cash flow.

In summary, we were able to weather the decline in current-gen software sales by actively managing our operating expenses while still investing in the development of our next-gen products, services, future IP, earnings, and cash flow.

We are encouraged by our initial software sales for PS4 and Xbox One, and going forward we remain committed to extending our leadership position in next-gen console software development, growing our digital games and services, and continuing to improve our operating profits.

With that, I'll turn the call back to Andrew.

Andrew Wilson, Chief Executive Officer & Director

Thanks, Blake. Just a few thoughts to close. We are proud to have been the number one publisher on next-gen consoles in December, with more new games on the way.

Our digital businesses are reaching new heights across multiple platforms and geographies. And cost discipline measures are protecting our returns, so we can invest in key IP for the future.

We're all incredibly excited for the arrival of Titanfall on March 11. Our partners at Respawn Entertainment are now putting the finishing touches on this highly-anticipated title for Xbox One, Xbox 360 and PC. This is a spectacularly innovative game, a true achievement by the teams at Respawn.

Across EA Studios, development continues on plan for our future titles, and we'll share more of our FY 2015 slate on our next quarterly call.

We expect digital growth to continue as a defining characteristic of this fiscal year for Electronic Arts. Players are engaging deeper each year in digital live services for some of our established franchises like FIFA Ultimate Team, Madden Ultimate Team and now Battlefield 4 Premium, which currently has more than 1.6 million members.

Digital is also accelerating our growth in new markets: FIFA Online 3 is doing extremely well in Korea in both traffic and revenue, and we expect more fans to connect with our online free-to-play FIFA games in China and Latin America during the World Cup this year.

EA's mobile titles continue to rise up the charts and demonstrate our ability to build a portfolio of great games and grow them over time. Games like The Simpsons: Tapped Out, FIFA 14, Real Racing 3 and The Sims FreePlay have highly-engaged fan bases on iOS and Android that are still growing long after launch.

Our recently-launched Heroes of Dragon Age is another excellent example of an entirely new mobile experience designed around one of our proven IPs. Our strength in mobile is in our ability to repeat on success, and we see more strong opportunities ahead.

Throughout FY 2014, we've been demonstrating our ability to grow operating profits, and we expect strong returns from this increased focus on discipline across our business. This is a multi-year journey striving for both top line revenue growth and profitability improvement, and one that we are fully committed to for the long term.

By executing against our strategic priorities, we look forward to closing out FY 2014 in a position of strength. We're delivering exciting new experiences to our gamers every day, and we are ready to capitalize on the long-term opportunity in front of us.

With that, Blake, Peter, Patrick and I are here to take your questions.

QUESTION AND ANSWER SECTION

Operator: Thank you. We will now begin the question-and-answer session. [Operator Instructions] Our first question comes from Colin Sebastian with Robert Baird Company (sic) [Robert W. Baird & Co.]. Your line is open.

<Q – Colin Sebastian – Robert W. Baird & Co. Equity Capital Markets>: Thanks. Good afternoon, guys. A couple of questions. First off is a follow-up on Battlefield 4. If you could comment on current sales trends in the game and whether server issues had any noticeable impact on sell-through or reorders. And then secondly, Andrew, maybe since you have a few months now under the belt as CEO. Curious where you'd identify as some of the key early learnings about EA from the top and strategically where you think there's still more work to be done? Thanks.

<A – Peter Moore – Electronic Arts, Inc.>: Hi, Colin. It's Peter. Let me take the first part of that question and then I'll had it over to Andrew. As both Blake and Andrew indicated, we obviously saw some decline in current-gen software that wasn't picked up by the increased anticipation that gamers had in the sales thereof of next-gen. Battlefield 4 was no different than FIFA or Need for Speed in this issue, but this was focused on current-gen rather than we believe any issues with the game itself. This game has got a long tail, as you well know, and we will continue to be able to sell this effectively throughout the next fiscal year. So, yes, we did see some impact of the current-gen softness that was indicated by Andrew and Blake in their prepared statements, but this is not, we believe, linked to any quality issues.

<A – Andrew Wilson – Electronic Arts, Inc.>: Thanks, Colin. In terms of learnings in the job, I'd reiterate what I've been saying to this point, which is, I think as a company, we have an amazing portfolio of IP, and we're starting to see that really resonate both with new console gamers on these next-gen platforms, on mobile with titles that have been very strong for us in the past, things like Heroes of Dragon Age, and now certainly PC free-to-play in emerging markets with things like FIFA Online 3 in Korea.

And so for me, our strategy continues to be sound. We have to go strongly after the next-gen market. I think we're in a strong position there. We certainly have the opportunity to benefit from the World Cup this year, with respect to FIFA Online and free-to-play games across the globe. And mobile continues to be a very, very strong strategic opportunity for us, and we are doubling down and investing heavily in that space to ensure that we've got our AAA teams worked in our AAA IP to bring great games and services to users on those platforms across the globe.

<Q – Colin Sebastian – Robert W. Baird & Co. Equity Capital Markets>: Great. Thanks very much.

<A – Rob Sison – Electronic Arts, Inc.>: Next question?

Operator: The next question – thank you, comes from Edward Williams with BMO Capital Markets. Your line is open.

<Q – Ed Williams – BMO Capital Markets (United States)>: Yeah. Good afternoon. A couple of questions. First of all, can you give us some color as to what you think we should be looking for as far as the rate of decline of PS3 and 360 sales are concerned? As a follow-up to that, how clear do you think the inventory levels are for that legacy software in the retail channel? And then looking at the next-generation, can you give some color as to your kind of attach rates and what we should expect for digital sales for the next-gen software?

<A – Peter Moore – Electronic Arts, Inc.>: Hi, Ed. It's Peter. Let me try and plow through that. Certainly, again to reiterate, we've seen obviously a decline in what we anticipated and I think what the industry anticipated in current-gen once next-gen launched. You know, we will continue to

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monitor this. You and I have been through these transitions many times, and you continued to reforecast as you see trends.

I will say this; both Sony and Microsoft recognize, in particular Sony have managed their PS2 to PS3 transition very well. Having ran that Xbox business as you know, I think Microsoft is committed to the Xbox 360 for a number of years. So, I would anticipate seeing both Sony and Microsoft get behind their current-gen platforms, at least for the next two years and bring this to a 10-year cycle as we saw in the previous cycle. With regard to inventories, difficult for me to speak other than our own.

As I think Blake alluded to, we have put some reserves aside to make sure that we are able to do the correct promotional activities in Q4 and beyond to move any inventory issues that we have to keep retail shelves fresh and make sure we've got room for our new titles in FY 2015.

And then with regards to next-gen, the tie ratios, I'm actually pretty bullish in what I'm seeing so far. Certainly, Sony has done well with the PS4 at – when you compare it to the first two months of their launch on the PS3. They're up to 2.1 versus 1.9.

Microsoft is a little down at 2.6 attach on the Xbox One versus Xbox 360 and this is U.S. only. I joined that similar period for launch, but I think a lot of that is to do with some of the bundling activity we saw on a global basis, but certainly here in the U.S. I think it's been a solid start for both and we're incredibly bullish that, that will continue in FY 2015.

<A – Blake Jorgensen – Electronic Arts, Inc.>: And, Ed, just to be crystal clear here on inventory, we regularly assess our reserves and our channel inventory, and we're truing up any reserves that we believe are required to maintain a clear channel. Part of our lower revenue in Q3 is driven by the fact that we put reserves on to make sure that we had a very clean inventory channel and we're very comfortable with that even with the deployment and the Gen3 sales that have been existing.

<Q – Ed Williams – BMO Capital Markets (United States)>: Okay. And then have you seen any lift, anything noticeable yet with regards to digital sales of full games for next-gen consoles?

<A – Peter Moore – Electronic Arts, Inc.>: Ed, it's Peter again. I think it's a little early. I mean certainly, digital extra content, full game downloads is something we watch and some things that we're keeping a very close eye on. I think what you see typically in the first couple of months is that consumers have gone to retail to pick up their boxes, and as a result they've probably bought the packaged goods version of that software. I think it's a good question for 12 months from now when we have a full year of data behind us. And it's also probably a more appropriate question for Sony and Microsoft to be able to speak to, with PSN and Xbox LIVE, respectively.

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

<A – Rob Sison – Electronic Arts, Inc.>: Thanks, Ed.

Operator: Next question comes from Doug Creutz with Cowen and Company. Your line is open.

<Q – Doug Creutz – Cowen & Co. LLC>: Thank you. I wonder if you can speak to what's going on with your contract with the NFL. I believe it's now expired, and obviously people are expecting another Madden game in 2014. So, could you just talk about where that is? Thanks.

<A – Andrew Wilson – Electronic Arts, Inc.>: Yes. Contrary to some reports, we still have a number of years left on our agreements there and are currently in planning on the next Madden property right now. And we expect to make a number of Madden games in the future. And the relationship that we with both the NFL and the NFL Players Association continues to be extremely strong.

<Q – Doug Creutz – Cowen & Co. LLC>: Terrific. Thanks.

Operator: Thank you. The next question comes from Arvind Bhatia with Sterne, Agee. Your line is open.

<Q – Arvind Bhatia – Sterne, Agee & Leach, Inc.>: Yeah, thank you very much. Just a couple of questions. You guys talked about the Ultimate Team revenues up 60%. In the past, you guys have been kind enough to share some details on the FIFA and Battlefield side of things. Wonder if you could update on the dollar figures for that? And then as far as the market is concerned, I think, Peter, you had alluded to your bullishness on the next-gen. At this point, do you feel like the 10 million unit consoles for next-gen by March, is that looking like it might be higher than that? Or you think it's 10 million by March?

<A – Peter Moore – Electronic Arts, Inc.>: I don't know if it's 10 million, Arvind, right on the nose, but I stand by my comments. I think it's going to actually be in excess of that. And I'm feeling pretty good about what I'm seeing and hearing and visiting retail and listening to retailers talk about their flow of inventory. I think you can see it. You do the store checks. Both Sony and Microsoft seem to be doing a pretty darn good job of flowing inventory in between now and from what I've seen certainly by the end of our fiscal quarter on March 31. I think, it's 10 million plus, Arvind.

<A – Blake Jorgensen – Electronic Arts, Inc.>: On the extra content, we're not going to break out the FIFA Ultimate Team versus other Ultimate Teams, but what you can see in the documents that have been published is that the extra content revenue for the quarter was up to $213 million, which is up 15%.

Our original guidance for the year there was that would be relatively flat. So, we're clearly exceeding our expectations. And part of that exceeding the expectations is that we've improved the Ultimate Team offering for all of the sports. So, while FIFA continues to grow, we're seeing great growth out of Madden, NFL as well as NHL Hockey. And it's really improving the overall Ultimate Team experience.

On top of that, also in that category is the growth of FIFA Online 3, which is primarily a free-to-play business in Korea and soon to be in China. That's growing extremely well and is very popular in Korea. And Andrew might have some more detail on that, that he can provide, but we're very excited about clearly that whole component. And I think that people know in a trailing 12-month basis, we're already over $700 million there, and we foresee that business continuing to grow year-over-year in the levels that it has over the last couple of years.

<Q – Arvind Bhatia – Sterne, Agee & Leach, Inc.>: And then, I guess, on Battlefield 4 Premium, I wonder if you could give us some color on the early response there?

<A – Blake Jorgensen – Electronic Arts, Inc.>: Yes. So, early days in Battlefield 4 Premium, as you know, most people buy the original game and then they sign up for Premium. Just as a reminder from a financial standpoint, and I can let Patrick talk about the product, we are recognizing Battlefield 4 Premium differently than we did Battlefield 3 Premium.

As you know, we've recognized Battlefield 3 Premium all at the end of program in one quarter. Now, we're recognizing it ratably. There are five expansion packs that are scheduled to be released over the next year, and we plan to ratably recognize that revenue. So, if you were to purchase something when the Premium first went out say in October, when we first rolled out Battlefield, that first purchase would be amortized over 15 months.

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If you were to purchase it in November, it would have been amortized over 14 months and so forth as we get to the end of the revenue. It'll all be dropped into digital subscription revenue, so you'll see it in that part of the breakout of our financial statements, but I think it'll be a lot smoother in terms of the revenue recognition versus what you saw before.

<A – Patrick Söderlund – Electronic Arts, Inc.>: This is Patrick. On the product side, I think it's important to point out that Battlefield 4 Premium has just started. We have one map pack in the channel. There's another one coming shortly. And, I think there's a lot of exciting content being built right now, that I think will excite people

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

Operator: Our next question comes from Mike Olson with Piper Jaffray. Your line is open.

<Q – Mike Olson – Piper Jaffray, Inc.>: Hey. Good afternoon. Couple of Titanfall questions. Given Titanfall is going to be the first major new franchise for next-gen when it launches in March. Just in general, how are you thinking about forecasting that title in your March quarter outlook? Would you kind of describe your approach to Titanfall as aggressive, conservative, or somewhere in between as far as how you're thinking about it?

<A – Blake Jorgensen – Electronic Arts, Inc.>: Yeah, I guess, I would call it, conservative. We, as a reminder, Titanfall is just on Xbox One and Xbox 360 and the PC. And so, by that nature, it's smaller as the overall product. We're very excited about the product. Respawn has done an amazing job with it. But as a reminder also, we'll be shipping it tail end of the quarter, middle of March. And so, essentially the March revenue or the quarter revenue is primarily the first sell-in of that title.

We expect the title to be very additive to us also in FY 2015. You'll hear more about that when we give our 2015 guidance, but it's really a starting point in Q4 this year and then will play well into next year as more and more people build the base of Xbox Ones or play the title either on 360 or PC.

<Q – Mike Olson – Piper Jaffray, Inc.>: Okay. And that exclusive that you mentioned was the other question, is obviously leaving out the PlayStation impacts addressable market to some degree, and I realize you can't talk about specifics of the economics around your deal with Microsoft on there, but can you just talk conceptually about whether or not the economics are kind of enough to offset potential sales that the game could have had on PlayStation or just high level, how kind of these deals work?

<A – Blake Jorgensen – Electronic Arts, Inc.>: Well, I think you should assume that we made that decision when it was back a few years ago when we decided to go exclusive. We had some forecasts at the time from where we thought both Xbox and PlayStation would be, and that's what we based our decision on.

I think we're still feeling very comfortable with that. I think, you know, think about the deal as economically as we made – we told people last quarter that it's a trade-off between The Sims 4 which is the product we moved out when we moved Titanfall in. And the reason it's economically neutral on that deal in this year is that most of the expenses for the development of Respawn's product were expensed along the way, as we do with all of our R&D, and thus when we shipped that product, it's fairly high margin for us until we start to share royalties with them.

You should assume in FY 2015, we'll start to share royalties as the revenue builds, and that will start to reduce the profitability of the product over time. But the initial shipment at the volumes that we're anticipating and built into our guidance are fairly profitable, and we determined it was an exact trade-off with The Sims' profitability that would've also been in the quarter.

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<Q – Mike Olson – Piper Jaffray, Inc.>: Okay. Thanks.

Operator: James Hardiman with Longbow Research. Your line is open.

<Q – James Hardiman – Longbow Research LLC>: Hey. Thanks for taking my call. Quick follow-up on Battlefield. Just wanted to check and make sure that at this point, are all the issues that you were having early on, sort of in the rearview-mirror at this point? And as I think about some of the issues that you had, are there lessons learned there that give you confidence that you won't have similar issues with Titanfall, given it's another multiplayer cross-generational game? And then I had a follow-up for Blake.

<A – Andrew Wilson – Electronic Arts, Inc.>: So, let me – I would just – I'll take that one. I think it's a great question. Look, on the Titanfall piece – and I'll hand off to Patrick to give a little bit more color on Battlefield 4. What I would say about Titanfall is, we are incredibly excited for the release of the product, and to partner with experienced world-class teams at both Respawn and Microsoft to launch the title. We're currently moving through kind of public test of the product and seeing great results. And we're really looking forward to seeing the gamer reaction in March.

<A – Patrick Söderlund – Electronic Arts, Inc.>: I'll cover Battlefield 4 and I'll quickly touch on kind of what happened, what we've done, and how we're learning from it. So, on the first segment, the what happened part is, when Battlefield 4 launched, it was a very complex game launching on two entirely new console platforms as well as current-gen and PC. We were pushing innovation heavily and we're delivering 60 frames per second game play for 64 players plus the ability to connect via mobile tablet as a commander into the product, coupled with those are very innovative features in the game-play side.

Based on our pre-launch testing and our beta performance, we were confident the game was ready to when it was launched. Shortly after launch, however, we began hearing about problems from our player community, and the development team quickly began to address the situation. So, what have we done since we encountered the problems is, we were fortunate to have an architecture in place that allows us to adjust and update the game rapidly, and that's actually what we've done. We released multiple software updates across all platforms to resolve the primary issues, and game stability has significantly increased.

To the final point, which is how are we learning from this, the challenge that we've faced with Battlefield 4 were different from anything that we've seen before with other games. There were different issues that only manifest its scale in the post-launch live environment. We're taking multiple steps to evaluate what occurred and incorporate those learnings into our development process for future products, so we don't experience the same problems again.

I would close on the fact that Battlefield 4 remains an amazing game with massive innovation, and we're confident that gamers will be logging on to play for a long time to come.

<Q – James Hardiman – Longbow Research LLC>: That's really helpful. And then I had a question for Blake. Blake, I sort of feel like a good portion of your script every quarter you could probably cut and paste, because it seems like every quarter you're beating on the OpEx line by a pretty sizable margin. So, I guess my question is, how much of that is a function of realizing those savings earlier than you had initially anticipated, and how much of that, if any, is, that there's actually a bigger opportunity with respect to your ultimate margin potential that you sort of laid out over the past year, year and a half?

<A – Blake Jorgensen – Electronic Arts, Inc.>: Yeah, so I guess I'll restate your first part, which is not only are we beating on OpEx, I think we've been happy that we're actually beating on EPS and cash flow which is really where we're trying to drive the beat every quarter.

We've done that through trying to deliver on the top line, which we've been doing, except with the minor miss in Q3; and at the same time, more aggressive management of our OpEx across all parts of the organization. And I use the word management versus cost cutting, because that's how we view this. And we view that there's a long opportunity ahead of us and more certainly be able to drive our operating margins and profitability upwards. We're trying to prioritize and focus, and we're trying to make sure that the entire organization is aligned with that.

But we're also that so none of what we do cuts back on our future IP development and our ability to drive the top line longer term. And part of the reason that we're taking a step-by-step process over the next couple of years to continue to build our operating margins is because we are trying to protect the long-term franchise value of many of our key IPs.

And we think that's a good balance, and we think there is a lot of opportunity still left. I think we are a little bit ahead of where we thought we would be, which was good news, but we also know we've got a lot of challenges ahead.

And as I mentioned, you'll see next quarter our guidance for fiscal 2015, but I do think what you'll see is a continuation of the same strategy that we've all been talking about publicly to continue to build our operating margins over time.

<Q – James Hardiman – Longbow Research LLC>: Got it. Thanks for the color, guys.

Operator: Next question is from Brian Pitz with Jefferies. Your line is open.

<Q – Brian Pitz – Jefferies LLC>: Great. Thanks.

Operator: Drew Crum with Stifel. Your line is open.

<Q – Drew Crum – Stifel, Nicolaus & Co., Inc.>: Okay. Thanks. Good afternoon, everyone. So, I wonder if you guys could comment on the experience you've had with next-gen pricing on the full game downloads, and what type of economics you're seeing from that? And then separately, could you comment on your plans for digital monetization on Titanfall? Thanks.

<A – Andrew Wilson – Electronic Arts, Inc.>: So, the first question regarding next-gen. So, the pricing that Sony and Microsoft determined to charge on their PSN, Xbox LIVE stores?

<Q – Drew Crum – Stifel, Nicolaus & Co., Inc.>: Correct.

<A – Andrew Wilson – Electronic Arts, Inc.>: Is that the question? I'm sorry. Yeah, obviously that's determined by a number of factors. We are active participants in those stores and look forward as I mentioned in my earlier comments of that business ultimately growing. But we do not determine prices there. There's no different than a retail store in which they will determine the prices going forward here, both Sony and Microsoft on that, as well as local authorities as well. There's also other issues in there, but if there's something that you have more specific, is your question why is it not different?

<Q – Drew Crum – Stifel, Nicolaus & Co., Inc.>: Well, if you could address that, and also, Peter, I'd be interested in your comments around what the economics look like, what type of margins are you getting on these full game downloads relative to the packaged goods sold at a bricks and mortar retailer?

<A – Peter Moore – Electronic Arts, Inc.>: Yeah, I'm not going to talk about specific margins, but I think we've been pretty consistent over the years that as this industry moves to more digital downloads that it's margin accretive for us as we start to leave behind some of the challenges sometimes that retail has.

At the same time, we are selling a tremendous amount of packaged goods software, which leads to digital margins, in particular, when you think about Ultimate Team products on our sports titles and our Battlefield Premium subscriptions. One of those springboard off the desk that is typically sold at retail. So, it's not a black and white issue. You either sell digital, you either sell packaged goods there. It's a combined economy for us in that respect, and we enjoy digital margins of both our packaged goods sales and our digital sales.

<A – Blake Jorgensen – Electronic Arts, Inc.>: But clearly the growth in gross margin over the last three or four years has been driven by the movement into digital, not just full game, but obviously all of the ancillary products. Any digital business comes in at a better margin for us, because of lack of some of the physical and inventory related expenses associated with it as well as some of the margins you may lose or leak along the way. So, we're very focused on continuing that process, but as Peter said, we're also trying to balance that with making sure our products get into all the people's hands that want them, and we can do that through a lot of our great retail partners out there.

<Q – Drew Crum – Stifel, Nicolaus & Co., Inc.>: Okay. On Titanfall, guys, any comments you can make around digital monetization for that title?

<A – Andrew Wilson – Electronic Arts, Inc.>: Yeah, so Titanfall again, is a highly innovative game, multi-player driven, and so we expect a lot of online engagement around that. We're planning extra content already for the product, but in the nature of a large service, I think that, that will evolve over time as we see how the player base evolves through the year.

<Q – Drew Crum – Stifel, Nicolaus & Co., Inc.>: Okay. Thanks, guys.

Operator: We'll go to Brian Pitz with Jefferies. Your line is open. Brian, your line is open.

<A – Rob Sison – Electronic Arts, Inc.>: We're getting echo again, Holly.

Operator: Thank you. Stephen Ju with Credit Suisse. Your line is open.

<Q – Stephen Ju – Credit Suisse Securities (USA) LLC (Broker)>: Hey, Andrew. So, as you think about taking some of your franchises and thinking console plus online experiences, if you start to development process at the outset to co-exist on both, do you have some sense as to how much your development costs may be higher or lower or flat or whatever, as a result on a franchise-by-franchise basis versus just developing for the console?

And am I reading too much into your comment a little bit earlier about China and Latin America free-to-play FIFA ahead of the World Cup as perhaps an imminent signing of the distribution deal for maybe Brazil or other territories? Thanks.

<A – Andrew Wilson – Electronic Arts, Inc.>: Okay. So, I'll hit that both. First, as you know, the cost of development around cross-platform and the second with respect to FIFA Online in China and Brazil around the World Cup.

As it relates to cross platform development, I think something that is really starting to play under the strength of EA is this move to cross-platform play and the need for cross-platform development. So, as a company, we've started to invest on a number of levels over the past three or four years that really help facilitate this transition for us. One is the investment in our digital platform at a core ID logging entitlement security data platform level, which again is universal across the company and lowers the cost barrier as you start out development.

The second is the move to more common engines, and you've heard a lot from us around Frostbite 3 and IGNITE Technology and we continue to try and converge our engine technology to the extent that our game teams aren't having to spend a lot of time, effort, energy, and investment around the core game technology like physics, animation, rendering, audio, et cetera. And what that really does is frees up the game teams on a couple of fronts.

One, it gives them the ability to outsource commodity-like investment by virtue of common technology. And two, focus really their core-driven innovation around future development as it relates to each platform. And the net of all of that is what we're seeing is fairly significant economies of scale as the player base across platform evolves and we start to deliver these experiences across platform.

Second, as it relates to FIFA Online 3 and the World Cup, so we have announced a deal in China, and we've also announced that we are rolling out FIFA Online world, which is a slightly different manifestation, but built on exactly the same engine for Brazil and Russia. We will be driving that inside the company with a full self-publishing opportunity, so we will maintain all of the value chain in those territories. So, very excited about that. A great step for us as a company as we think about PC free-to-play in those emerging markets.

<Q – Stephen Ju – Credit Suisse Securities (USA) LLC (Broker)>: Thanks.

Operator: Thank you. The next question comes from Tim O'Shea with Jefferies.

Thank you. Justin Post. Your line is open with Bank of America.

<Q – Ryan Gee – Bank of America Merrill Lynch>: Yes, hi. This is Ryan calling in for Justin. First question's on Battlefield and Titanfall and the digital strategy behind those two. I know you haven't talked too much about the Titanfall digital. But we're wondering if those two titles can co-exist next year. Also there's other first-person shooter games out there, how the dynamic will work?

And then also as you look out for fiscal 2015, what does the weakness in prior-gen software mean for revenues next year, particularly as it relates to catalog usually and you do see a big – or you still see healthy sales in sports titles and some of the holiday games next year, what that current-gen software weakness means? Thanks.

<A – Peter Moore – Electronic Arts, Inc.>: Hey, Ryan, it's Peter. Let me try and address that first question on Titanfall. Actually, the answer is yes. I think they can both co-exist. We haven't talked at detail about our Titanfall digital strategy, but you're very familiar already, obviously, with Battlefield 4 Premium. We expect that to be incredibly strong for us as is Battlefield 4 typically as a catalog title itself. Once we announce Titanfall, obviously, you'll have a better understanding what our digital strategy is. But I think they can both co-exist very easily and then we think they will be both incremental and accretive to what we're going to be doing in FY 2015.

As regards to revenue, we're not prepared yet to talk about that. That will be on the next earnings call, and I think we'll be, obviously, 90 days better educated by the time we get there once Blake is able to disclose what our revenue's going to be for FY 2015 in the next earnings call.

<A – Blake Jorgensen – Electronic Arts, Inc.>: Yeah, I do say that – I will say that we'll most likely be cautious around Gen3 for some period of time because until pricing for the all Gen3 or current-generation boxes gets settled down, it's hard to guess exactly if that will bring new consumers in or not. I do think we're still in a bit of an air pocket right now between the new consoles coming out and the old consoles, where many of the consumers are still waiting on the sidelines. And that's why you haven't seen one-for-one replacement in software.

Our assumption is that it'll start to go away over time, and it will settle into a normal Gen3 business. We still ship some Gen2 software, so we think Gen3 will be around for some period of time. And we think it'll be a viable part of our catalog going forward, and it could grow if for some reason the prices came down on the current Gen4 – or Gen3 consoles and brought new consumers into the market in places around the world that have not yet had access to the boxes.

<Q – Ryan Gee – Bank of America Merrill Lynch>: Okay. And then, Blake, kind of going back to the cost savings this quarter, I was wondering if you could summarize maybe one or two of the specific measures you took during the quarter that really drove those savings. And whether or not it's reasonable to carry forward the magnitude of 3Q savings into next year? Or if there's something maybe competition or product roadmap that limits that ability?

<A – Blake Jorgensen – Electronic Arts, Inc.>: Yeah, I mean, we'll give you a lot of detail around that next quarter when we do guidance. But I think you should assume is that we're trying to change the way we're operating. And so that means organizational changes, that means the way we go to market, that means how we actually do advertising, and that means prioritization of our product portfolio. We're trying to make sure that we fully invest in the key properties and stop investing in some properties that don't look like they have the opportunity to become the size that we would like or the scale that we would like.

And I think we're also getting better at how we invest in those properties. And so even as we look forward, we should be able to, based on consistent engines across properties, for example, be able to continue to bring our overall development costs down. And you'll continue to see that built into our cost structure and, thus, expanding of our margins, over time, with limited upside on the revenue. And if we have bigger revenue upside, that'll even be that much larger margin expansion.

<A – Peter Moore – Electronic Arts, Inc.>: Yeah, Ryan, this is Peter. If I can maybe address marketing. I mean, to be the leader that we currently are as publisher in the next-generation, you've got to be a next-generation marketer to be able to match that up. And the marketing teams around the world are moving very rapidly into more performance-based marketing, where we're not a traditional marketer anymore. We're utilizing one-to-one marketing techniques that are digital and, ultimately, more cost-effective for us and more relevant to the consumer. You're going to see continued efficiencies in that area for us, at the same time, not losing any impact of share of voice with the consumer.

<Q – Ryan Gee – Bank of America Merrill Lynch>: Great. Thanks a lot, you guys.

<A – Andrew Wilson – Electronic Arts, Inc.>: Thanks, Ryan.

<A – Peter Moore – Electronic Arts, Inc.>: Thanks.

Operator: Mike Hickey with The Benchmark Co. Your line is open.

<Q – Mike Hickey – The Benchmark Co. LLC>: Hey, guys. Thank you for taking my questions and congrats on the profitability for the quarter. Andrew, just kind of curious, looks like the last couple of months, there's been some executive turnover on the development side. I'm wondering kind of what you're doing to set the culture and retain talent?

<A – Andrew Wilson – Electronic Arts, Inc.>: Listen, I think that's a great question, and certainly one that we think about here. As a company, we're a creative organization. I came up through the creative side of the organization, so I have a deep passion for both bringing in new creative talent and keeping our creative talent. But also, as part of the creative industry, people come and go for all kinds of different reasons. You've seen some recently have left, and these changes happened to be announced in a short window, which was more coincidental than anything. And there was absolutely no connection between their departures.

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EA, as an organization, we've got over 8,000 amazingly talented and creative people, and we love to see these people have the opportunity to step up and lead our studios. Guys like John Vechey at PopCap, Matt Webster of Criterion, and Ed Rumley at Chillingo have all been with their respective studios for a long time and bring a lot of energy and enthusiasm and new creative thinking to their roles.

I don't know whether any one saw the piece that Matt Webster did. He did a great interview with IGN earlier this week, where he talked about the passion and energy and the creative DNA inside of Criterion and what they're doing for the future. In fact, we're going to be able to talk about some new things out of Criterion a little later in the year. But this is really important for us. These studios all have exciting work underway and we look forward to sharing all of it with players in the future.

<Q – Mike Hickey – The Benchmark Co. LLC>: Thank you. Last question, it looks like 2014 will be interesting in the living room. It looks Steam should officially launch their product and it's still early days, but it certainly looks compelling. We have Apple, Amazon and Google, all kind of rumored to be potentially launching a micro-console and kind of connecting that mobile ecosystem to the TV. So just curious how you think how disruptive that could be and how that market could take shape for you or not?

<A – Andrew Wilson – Electronic Arts, Inc.>: Listen, I think it's great. I mean, every time there are new ways and opportunities for people to play games, that's great for us and it's great for our ability to bring new and innovative experiences to our gamers.

EA is and has always been kind of a platform-agnostic company. We do our best to bring great experiences to gamers on whatever platforms they're playing on. So right now, we think about our world kind of in three modalities of play, the lean-back experience in the living room, the lean-in experience with PC and free-to-play, particularly, in emerging markets and the lean-over experience on mobile as that is such a growing part of the gaming community and the gaming ecosystem.

As it relates to specific technology, we're watching eagerly but we see that more as our ability to manifest those three modalities of play. And we'll work with each of those partners to deliver great games and services to gamers in the modality of play that makes most sense for them.

<Q – Mike Hickey – The Benchmark Co. LLC>: Awesome. Thanks, guys. Best of luck.

Operator: The next question comes from Ben Schachter with Macquarie. Your line is open.

<Q – Ben Schachter – Macquarie Capital (USA), Inc.>: Blake, on FY 2015, I know you're not giving explicit guidance, but if you could just give us any color on general trends? Is it fair to expect continued margin growth and EPS growth there? Or do we have to wait until 2015 to hear that?

And then just on the competitive landscape on mobile, what are you learning there? I mean, why is The Simpsons still doing so well but Plants vs Zombies probably didn't do as well as you thought? What can we understand around some of the sustainable competitive advantages there?

<A – Blake Jorgensen – Electronic Arts, Inc.>: Yeah, let me tackle the 2015 question, and then I'll let Andrew talk about the mobile question and Peter, if you want to jump in as well. What I did say in my remarks was that we'd give obviously our details next quarter, but that it would be a continuation of our multi-year plan for improving operating profits and cash flow.

I've talked publicly about a multi-year strategy to get us into the 20% operating margin levels. We've been delivering on that every quarter. We're ahead of our plan on that, as I think you can tell just by looking at our guidance numbers, that's up from what we originally guided for the full year.

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And I think you'll continue to see more of that next year. I'll give you details, but assume that it is number one focus for everything we're doing along with building great products for gamers to make sure that we really deliver excitement around mobile and console gaming.

<A – Andrew Wilson – Electronic Arts, Inc.>: Yeah. And listen, as it relates to mobile, I think that's a great question. Certainly, as you've heard from us, it's something that we're very, very focused on and working diligently against right now as a company. And it continues to be a fantastic opportunity for expansion and revenue growth within our digital portfolio as we really drive the focus in this area.

And I think early in terms of what we're learning right now is that brands matter in this market, and we have tapped the power of the EA network, the brands within it, partner placement the relationships we have with our partners to really drive some incredibly strong IP. And we've demonstrated that with things like The Simpsons: Tapped Out, which continues to grow for us, and has topped over $130 million life-to-date in digital net revenue. We continue to drive updates for that game. I think that that's what we've learned is that ongoing progressive content that keeps experience fresh and exciting for gamers is important.

Real Racing 3 has over 100 million downloads since launch, and again, it comes down to great IP, great game mechanic, but also providing that extended and enhanced service that team works diligently around continuing to upgrade and extend the product.

Sims FreePlay, again, just a phenomenal brand for us, has over 87 million life-to-date installs. And two years post its launch, saw its biggest revenue month inside of December. And so again, it's that mobile isn't a sprint, it's a marathon. These live service businesses, it's really important that you continue to work with your gamer base and grow the gamer base and provide them a really exciting experience over the long term that connects them with their friends and connect them with the experience.

And again, now we're seeing that with Heroes of Dragon Age. And so, we feel like now that we've learned how to acquire mobile gamers though our IP, the next step is really to follow the market monetization trends and really drive and reach those top grossing games. We've got some work to do, but we are making strides as we lower the barrier to entry to our games, increase the quality and manage what is very exciting experiences for our gamers.

<A – Rob Sison – Electronic Arts, Inc.>: Okay. Holly, last question, please?

Operator: Yes. That last question comes from Neil Doshi with CRT Capital. Your line is open.

<Q – Neil Doshi – CRT Capital Group LLC>: Great. Thanks, guys. Blake, on the marketing and sales side, we saw some very nice leverage there. Do you think you can continue to demonstrate that type of leverage on a go-forward basis? And then secondly on the FIFA Online for China, can you just update us where you guys are in that process and what are some of the additional steps needed to get that game ultimately approved and launched in China? Thanks.

<A – Blake Jorgensen – Electronic Arts, Inc.>: Sure. The first question I'll answer and then I'll let Andrew give you the FIFA answer. We do feel confident that there's more leverage there. We're really trying to drive more of the business to both digital as well as use as much performance-based marketing activities and the combination of those I think continues to show leverage off of the existing cost base.

And then clearly leveraging the R&D expense line around prioritization, but also using some more standardized tools that allow us to really have the artist focus on building great games and not worry about how the back office or platform operates. So, more to come on that as we give our 2015 guidance, but we do feel pretty confident that there's more opportunity.

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<A – Andrew Wilson – Electronic Arts, Inc.>: With respect to FIFA Online 3 in China, as we've announced, we have a relationship with Tencent where we are working kind of hand in hand on the development, publishing and launch of this title. The core engine comes out of our EAC Studio, so you can expect that the game play is going to be top class.

We are actually driving a lot of the meta-service layer out of our EA Korea studio, which again has been responsible for FIFA Online 3 with Nexon there and continues to do exceptionally well and then partnering with Tencent in China on the publishing of that title.

And for anyone who kind of understands the life cycle of a free-to-play property, there are a series of technical tests, closed betas and open betas as you move into commercialization and you gradually scale the business over time with respect to future set and user numbers. And we are in the middle of that process with Tencent right now and on plan for our target launch this year.

<Q – Neil Doshi – CRT Capital Group LLC>: Thank you.

Blake J. Jorgensen, Chief Financial Officer & Executive Vice President

With that, I think we'll wrap up the call. Appreciate everyone's time and attention and look forward to talking to everyone next quarter. Thank you.

Operator: Thank you. This does conclude the conference. You may disconnect at this time.

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