



# **Electronic Arts Inc. Q1 FY 2012 Results**

July 26, 2011

# Safe Harbor Statement

Please review our risk factors on Form 10-K filed with the SEC.



- Some statements set forth in this document, including the estimates relating to EA's fiscal year 2012 guidance information and fiscal year 2012 title slate contain forward-looking statements that are subject to change. Statements including words such as "anticipate", "believe", "estimate" or "expect" and statements in the future tense are forward-looking statements. These forward-looking statements are preliminary estimates and expectations based on current information and are subject to business and economic risks and uncertainties that could cause actual events or actual future results to differ materially from the expectations set forth in the forward-looking statements. Some of the factors which could cause the Company's results to differ materially from its expectations include the following: sales of the Company's titles; the Company's ability to manage expenses; the competition in the interactive entertainment industry; the effectiveness of the Company's sales and marketing programs; timely development and release of Electronic Arts' products; the Company's ability to realize the anticipated benefits of acquisitions, including the PopCap acquisition; the consumer demand for, and the availability of an adequate supply of console hardware units; the Company's ability to predict consumer preferences among competing platforms; the Company's ability to service and support digital product offerings; general economic conditions; and other factors described in the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2011.
- These forward-looking statements are valid as of July 26, 2011 only.
- Electronic Arts assumes no obligation and does not intend to update these forward-looking statements. In addition, the preliminary financial results set forth in this document are estimates based on information currently available to Electronic Arts. While Electronic Arts believes these estimates are meaningful, they could differ from the actual amounts that Electronic Arts ultimately reports in its Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2011. Electronic Arts assumes no obligation and does not intend to update these estimates prior to filing its Form 10-Q for the fiscal quarter ended June 30, 2011.
- In addition, this presentation includes various third party estimates regarding the total available segment and other measures, which do not necessarily reflect the view of Electronic Arts. Further, Electronic Arts does not guarantee the accuracy or reliability of any such information or forecast.



# Q1 Summary<sup>1</sup>

Non-GAAP Revenue and EPS Exceeds Guidance<sup>2</sup>

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**Frontline:** *Above expectations led by Portal 2*

**Catalogue:** *Strong sales led by Crysis 2 and FIFA 11*

**Digital:** *+24% growth YOY excluding one time items in Q1 FY11*

**Outlook:** *FY12 revenue guidance up \$150M<sup>2</sup> due to PopCap, FX and distribution*

**Capital:** *Repurchased 7.1 million shares for \$149 million life to date*

<sup>1</sup> On a non-GAAP basis.

<sup>2</sup> As compared to our May 4, 2011 guidance

# Financial Summary



	GAAP		Non-GAAP	
	Q1 FY11	Q1 FY12	Q1 FY11 <sup>1</sup>	Q1 FY12
Net revenue (\$, millions)	815	999	539	524
Net revenue at Q1 FY11 FX rates (\$, millions)		979		504
Gross profit margin	72.8%	76.0%	59.6%	55.0%
Diluted EPS (LPS)	\$0.29	\$0.66	(\$0.24)	(\$0.37)
Headcount	7,758	7,973	7,758	7,973
Headcount in low cost locations	21%	22%	21%	22%
Operating cash flow (\$, millions)	(148)	(274)	(148)	(274)
TTM operating cash flow (\$, millions)	332	194	332	194
TTM Digital revenue (\$, millions)	581	799	634	854

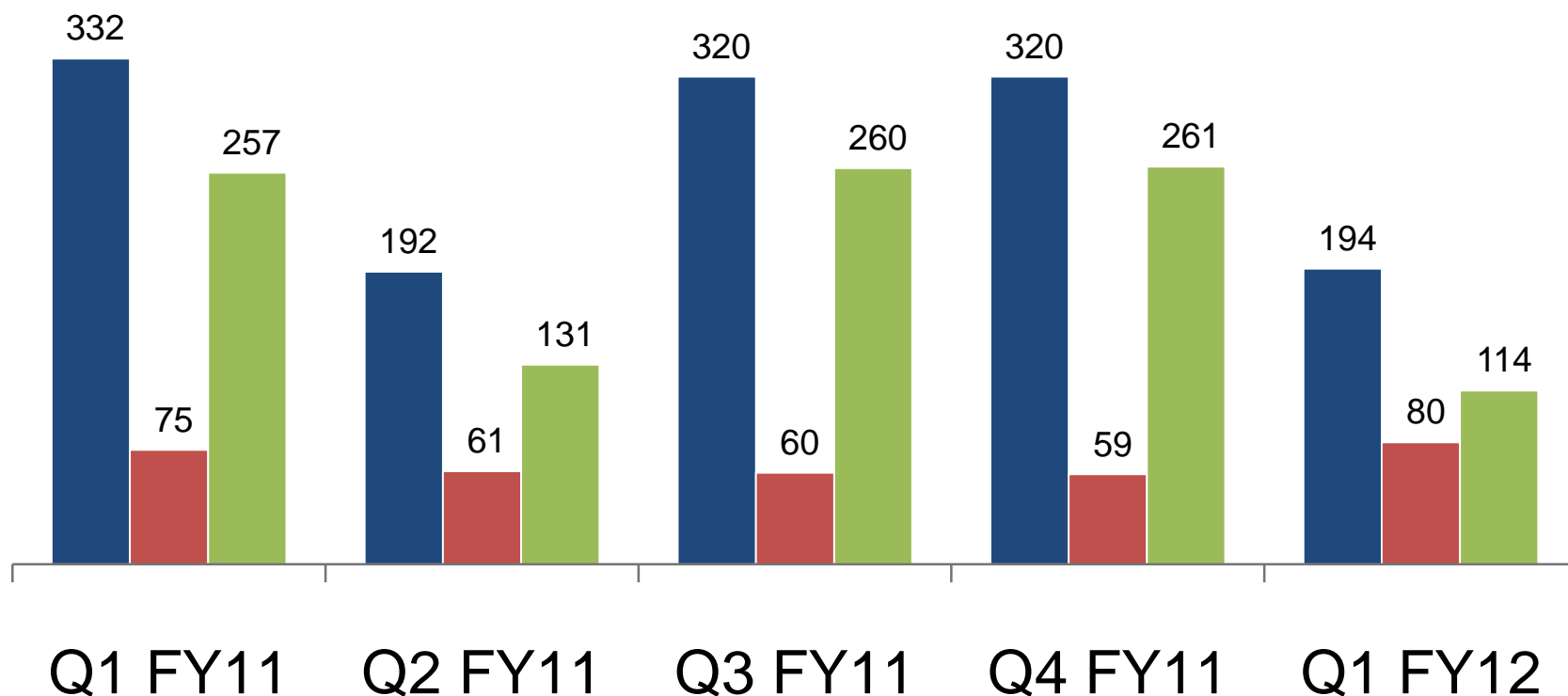
<sup>1</sup> Q1 FY11 includes approximately \$20 million of digital revenue that the Company does not anticipate in future quarters.



# Cash Flow and Cap Ex<sup>1</sup>

Trailing twelve months

- Operating Cash Flow
- Capital Expenditures
- Free Cash Flow



<sup>1</sup> \$, in millions. Cap Ex and Free Cash Flow exclude the purchase of EA Redwood Shores in Q2 FY10.

# Balance Sheet Highlights



Approximately \$5.58/share in cash and marketable securities

	Jun. 30, 2010	Jun. 30, 2011
Total Cash, Short-Term Investments, and Marketable Securities (\$, millions)	1,730	1,848
Debt <sup>1</sup>	—	—
Inventories (\$, millions)	82	75
Non-GAAP Days Sales Outstanding (DSO)	47	44
Sales Returns and Allowances (SRA) as a percentage of:		
Trailing six month non-GAAP revenue	13%	15%
Trailing nine month non-GAAP revenue	7%	8%
Quarter-to-date Shares Repurchased (millions)	—	4.0
Quarter-to-date Share Repurchase Dollar Amount (\$, millions)	—	91
Life-to-date Shares Repurchased (millions)	—	7.1
Life-to-date Share Repurchase Dollar Amount (\$, millions)	—	149
Remaining Authorization for Share Repurchase (\$, millions) <sup>2</sup>	—	451

<sup>1</sup> EA completed its \$632.5 million 0.75% Convertible Senior Notes offering on July 20, 2011

<sup>2</sup> EA is not obligated to repurchase any specific number of shares under its Share Repurchase Program and the program may be modified, suspended or discontinued at any time

# EA Segment Share: Packaged Goods

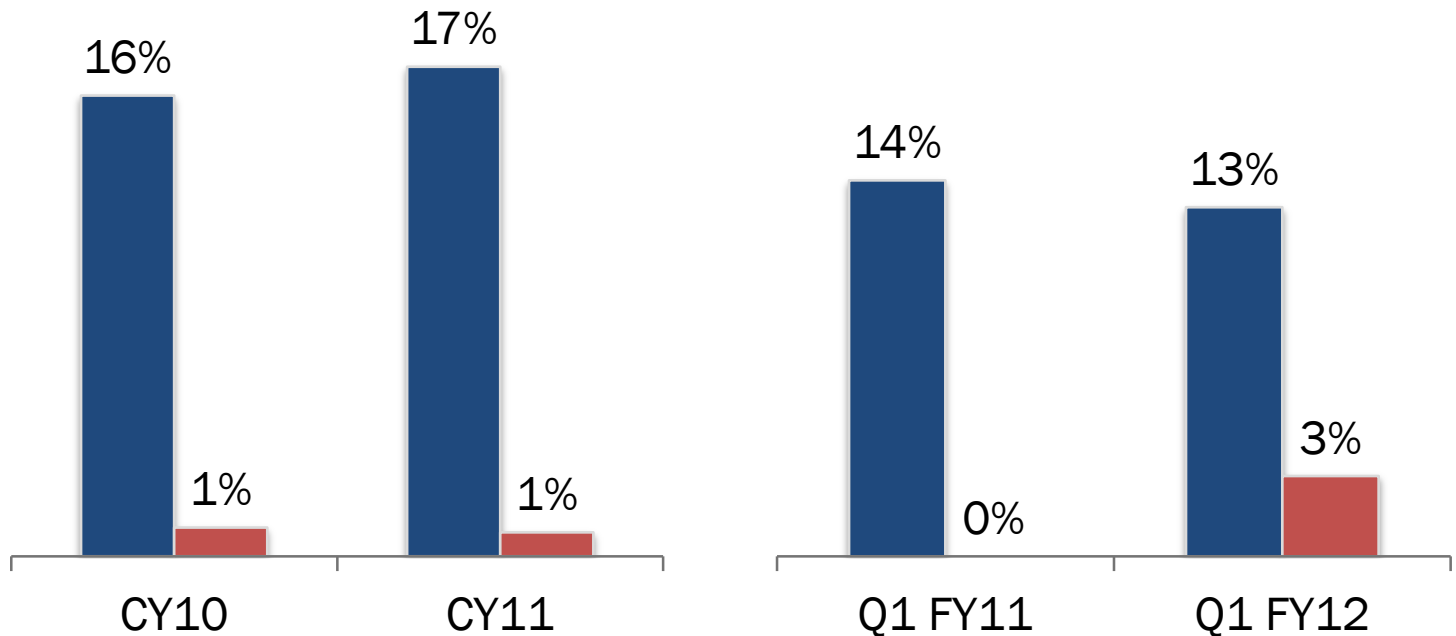


Western World (North America and Europe)

■ EA ex-Distribution  
■ Distribution

First Half of Calendar Year

Fiscal Quarters



EA titles, ex-Distribution  
EA Distribution titles

8	11
2	2

3	3
2	1

# Packaged Goods: Catalogue



## Key Catalogue Titles

- **Q1 FY12**

- *Crysis 2, FIFA 11, Tiger PGA TOUR 12, Battlefield: Bad Company 2*

- **Q4 FY11**

- *FIFA 11, Battlefield: Bad Company 2, Need For Speed Hot Pursuit*

- **Q3 FY11**

- *FIFA 11, Madden NFL 11*

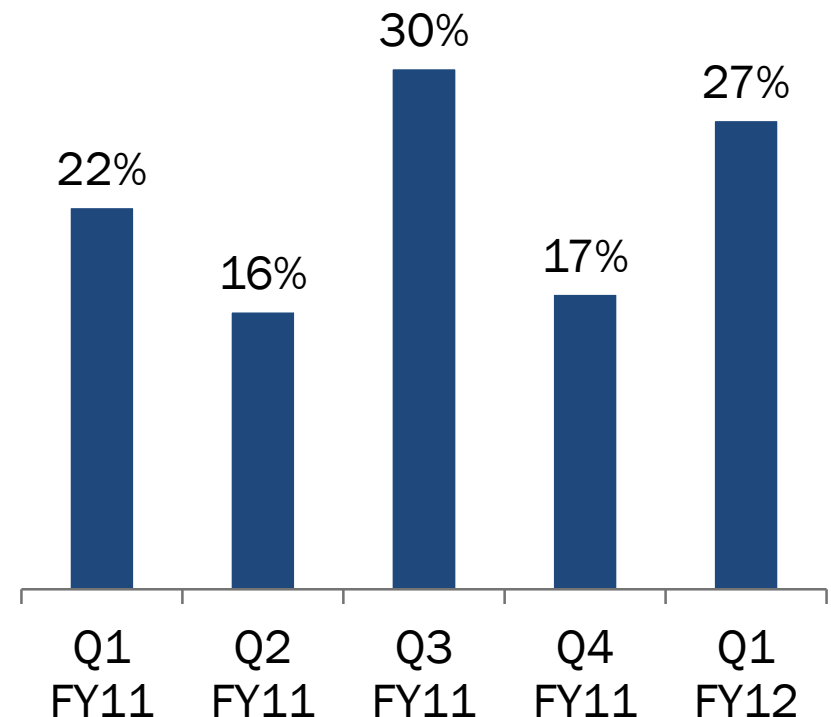
- **Q2 FY11**

- *Tiger PGA TOUR 11, Battlefield: Bad Company 2, The Sims 3, FIFA 10*

- **Q1 FY11**

- *Battlefield: Bad Company 2, FIFA 10*

## Non-GAAP Catalogue Revenue % of Total Revenue



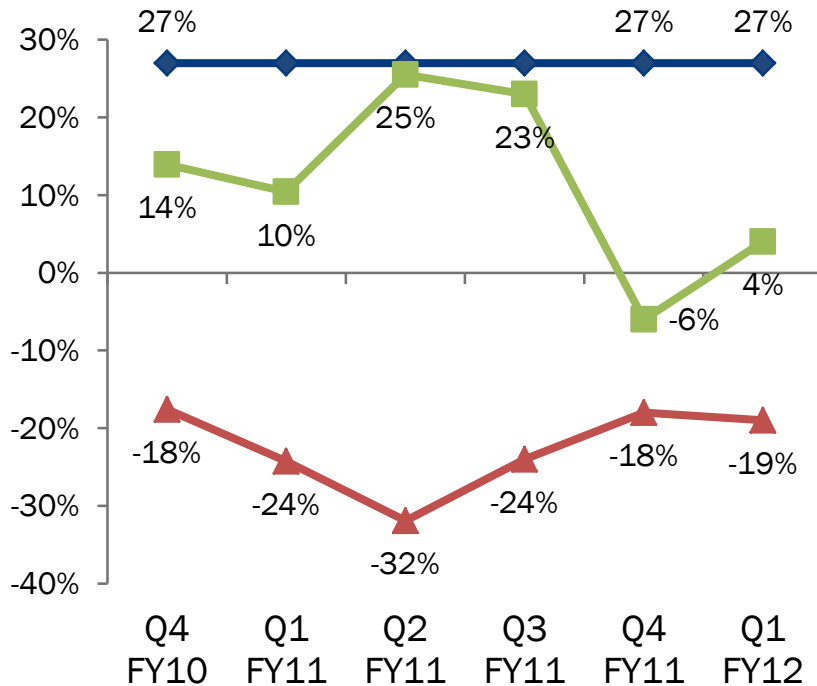


# Interactive Entertainment



## Growth from Digital and HD-Console Software

### Year-Over-Year Segment Growth



- ◆ Worldwide Digital Sales
- Western World High-Definition Packaged Goods Software Sales (Includes PC)
- ▲ Western World Standard Definition & Handheld Software Sales

### Segment Performance Summary

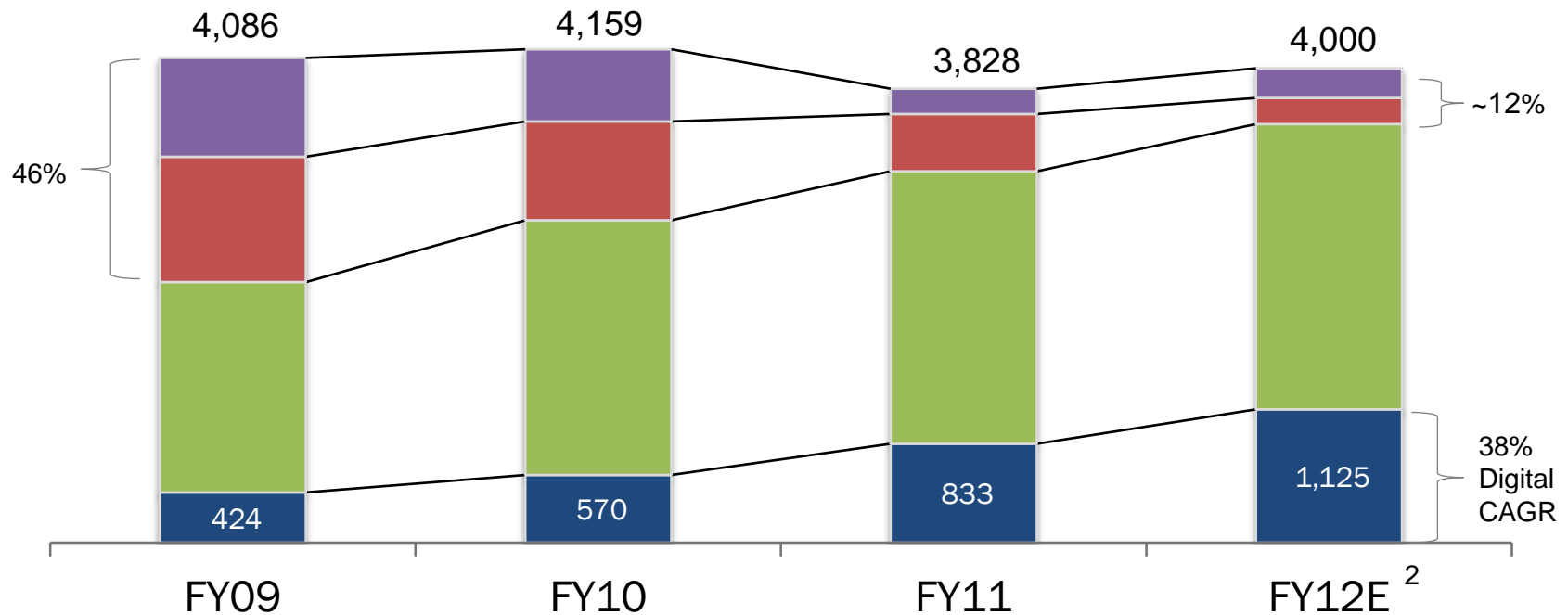
- Worldwide Interactive Entertainment
  - CY10 was up 8%
  - Expect CY11 up 5-10%
- Sub-segments
  - Digital Sales
    - Worldwide: CY10 up approximately 25 -30%
    - Worldwide: Expect CY11 up >20%
  - Western World HD-Console and PC Software Sales
    - Q1 FY12 up 4%

# EA Segment Mix<sup>1</sup>



Weighted To Growing **Digital** and **High Definition** Platforms

- Distribution
- Standard-Definition Packaged Goods
- High-Definition Packaged Goods
- Digital



<sup>1</sup> \$, in millions, on a non-GAAP basis.

<sup>2</sup> At midpoint of non-GAAP FY12 Guidance. These forward-looking statements are valid as of July 26, 2011 only. Electronic Arts assumes no obligation and does not intend to update these forward-looking statements.



# Worldwide Digital Segment

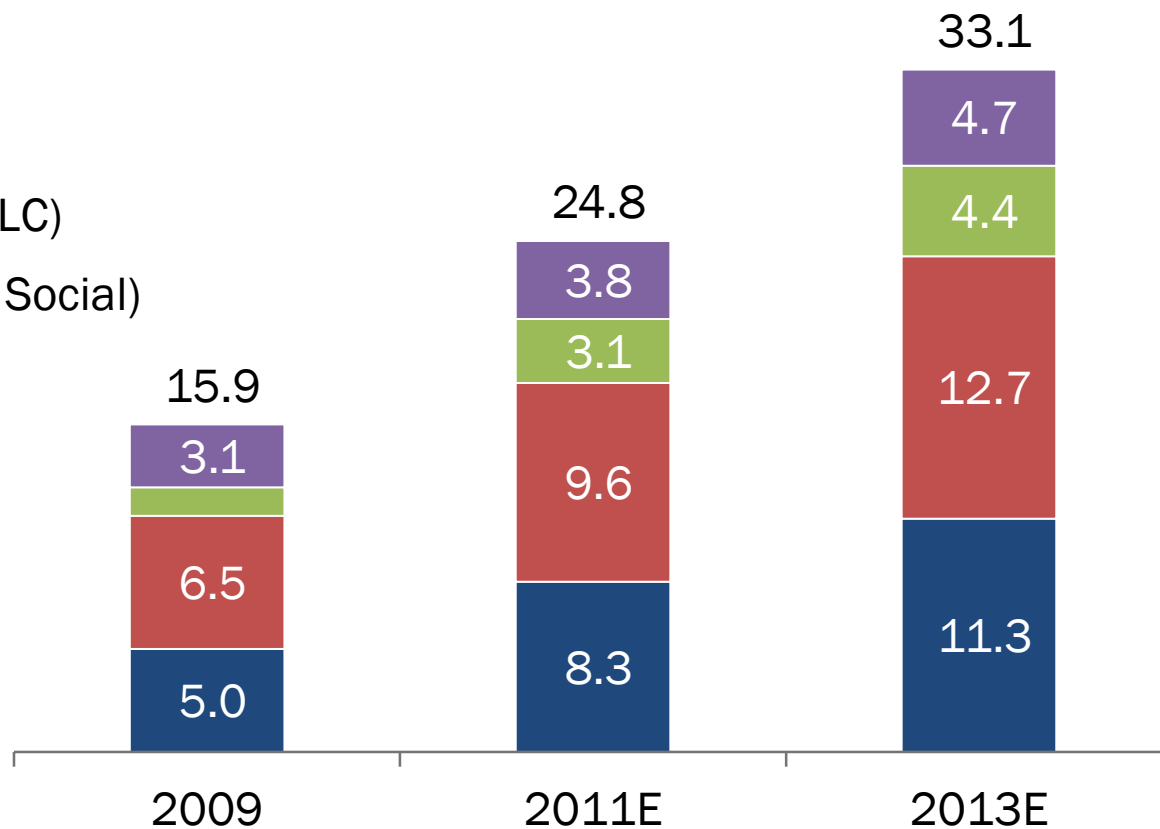
(\$, billions) Calendar Year Basis

■ Mobile, Handheld

■ Console

■ PC (MMO, Download, PDLC)

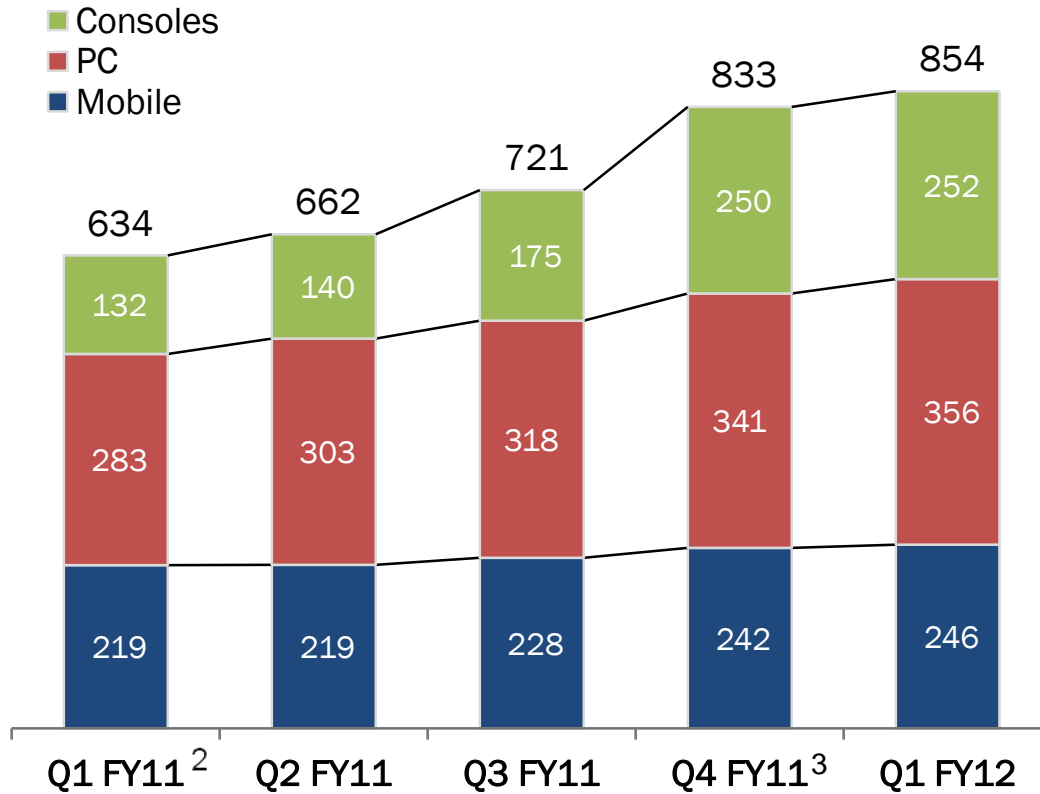
■ PC (Free to Play, Casual, Social)



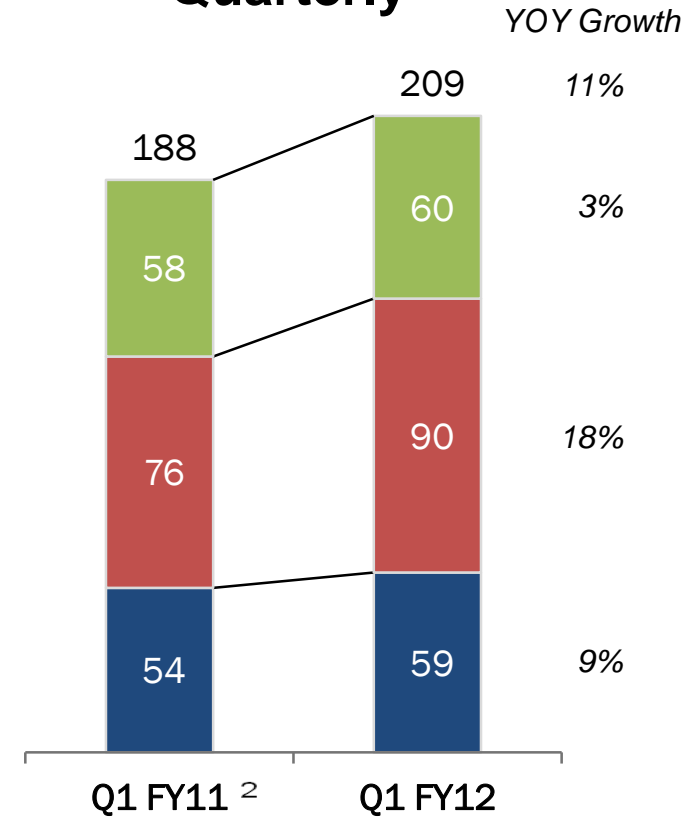
# EA Digital Revenue<sup>1</sup> by Platform



## Trailing Twelve Months



## Quarterly



<sup>1</sup> In millions, on a non-GAAP basis. PC includes browser and Mobile includes Handhelds.

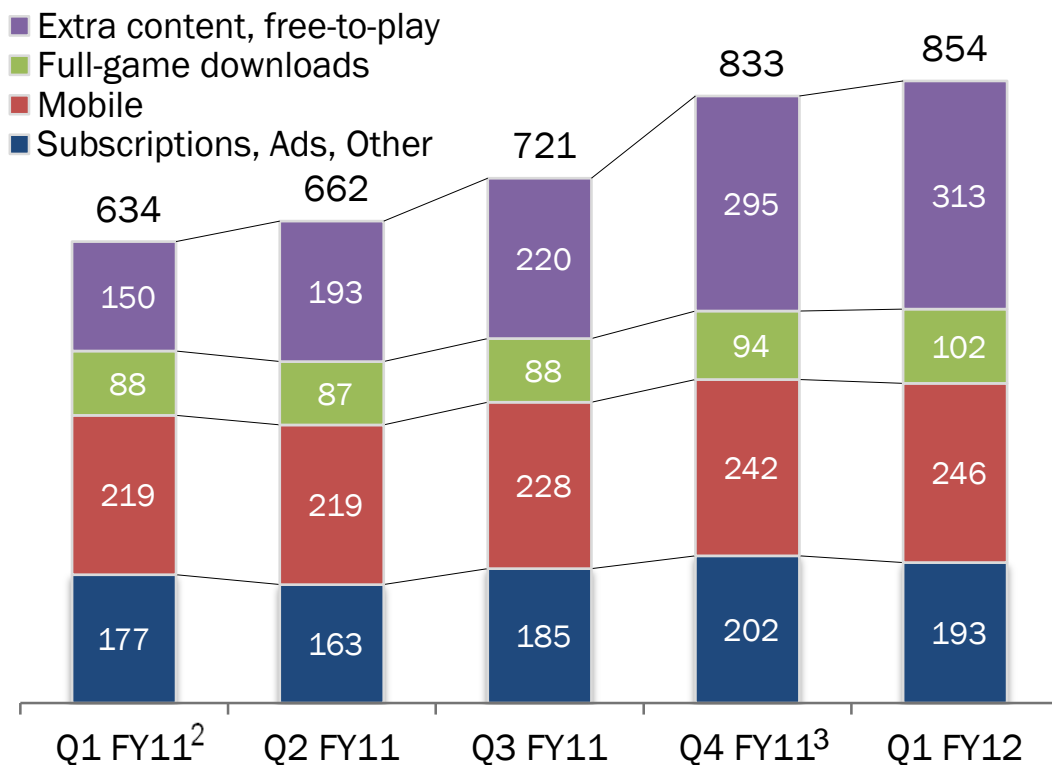
<sup>2</sup> Q1FY11 includes approximately \$20 million of digital revenue that the Company does not anticipate in future quarters.

<sup>3</sup> Q4FY11 includes approximately \$27 million of digital revenue that the Company does not anticipate in future quarters.

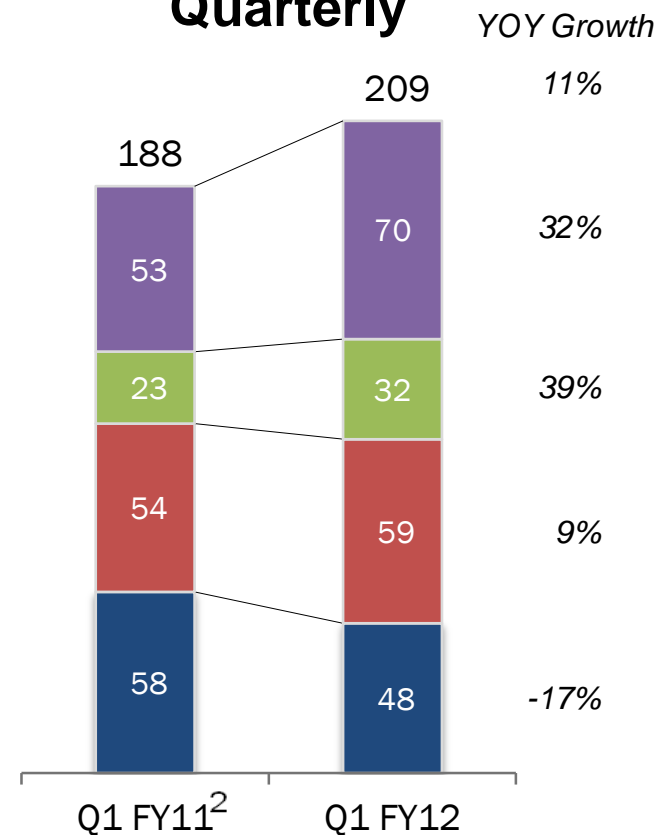


# EA Digital Revenue<sup>1</sup> by Type

## Trailing Twelve Months



## Quarterly



<sup>1</sup> In millions, on a non-GAAP basis. PC includes browser and Mobile includes Handhelds.

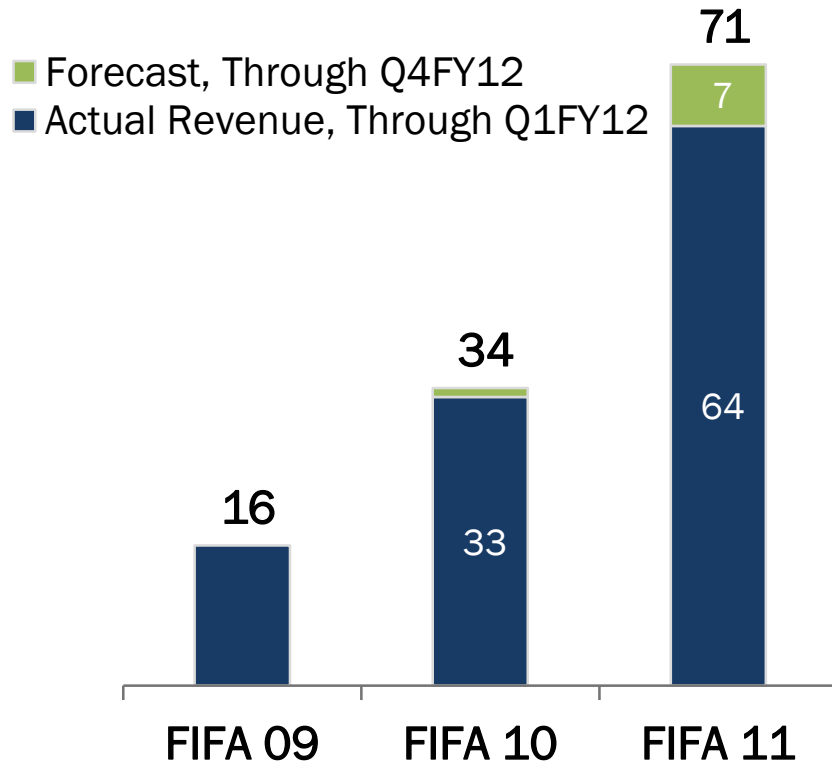
<sup>2</sup> Q1FY11 includes approximately \$20 million of digital revenue that the Company does not anticipate in future quarters.

<sup>3</sup> Q4FY11 includes approximately \$27 million of digital revenue that the Company does not anticipate in future quarters.

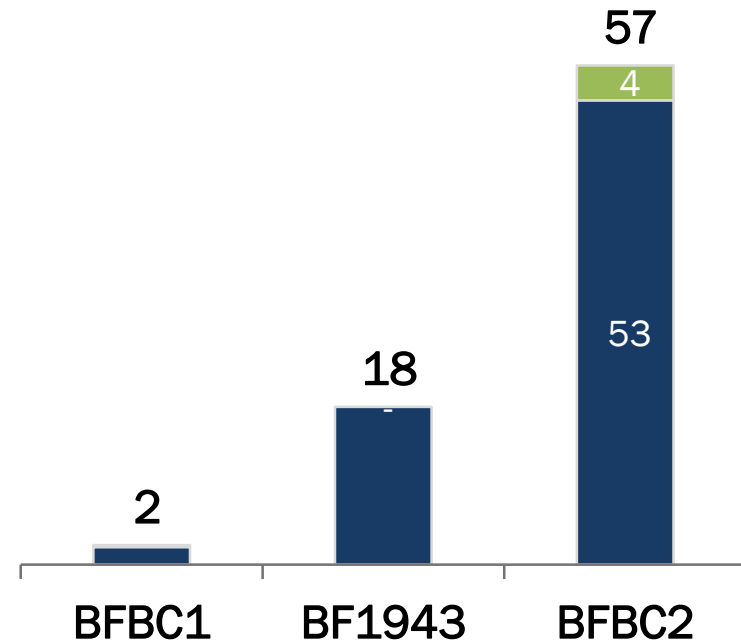
# EA Digital Revenue<sup>1</sup> by Title



## FIFA Digital Revenue



## Battlefield Digital Revenue



<sup>1</sup> \$, in millions, non-GAAP, as of July 26, 2011, based on actual data through Q1FY12 and projected data through Q4FY12.

# Margin Structure

Trailing Twelve Months



	GAAP		Non-GAAP	
	FY11	FY12	FY11	FY12
Net revenue (\$, millions)	3,825	3,773	3,882	3,813
Gross profit margin	53.8%	59.8%	54.7%	60.6%
Marketing and sales expense	18.1%	20.1%	17.4%	19.4%
General and administrative expense	8.6%	8.0%	7.1%	6.9%
Research and development expense	31.2%	30.8%	27.7%	27.8%
Operating income margin	(9.0%)	(4.8%)	2.5%	6.5%
Net income margin	(9.1%)	(4.0%)	1.9%	4.9%



# Guidance<sup>1</sup>

## Currency Assumptions

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- **Exchange rates may remain volatile**
- **Current guidance FX assumptions:**
  - \$1.44 USD/Euro
    - EPS decreases if the Euro weakens v. USD
  - \$1.03 USD/Canadian Dollar
    - R&D costs increase if the Canadian Dollar strengthens v. USD
  - \$1.61 USD/British Pound Sterling
    - EPS decreases if the British Pound Sterling weakens v. USD
- **Using spot exchange rates as of July 22, 2011:**
  - Neutral to FY12 non-GAAP EPS
  - Approximately \$10 million benefit to FY12 non-GAAP net revenue

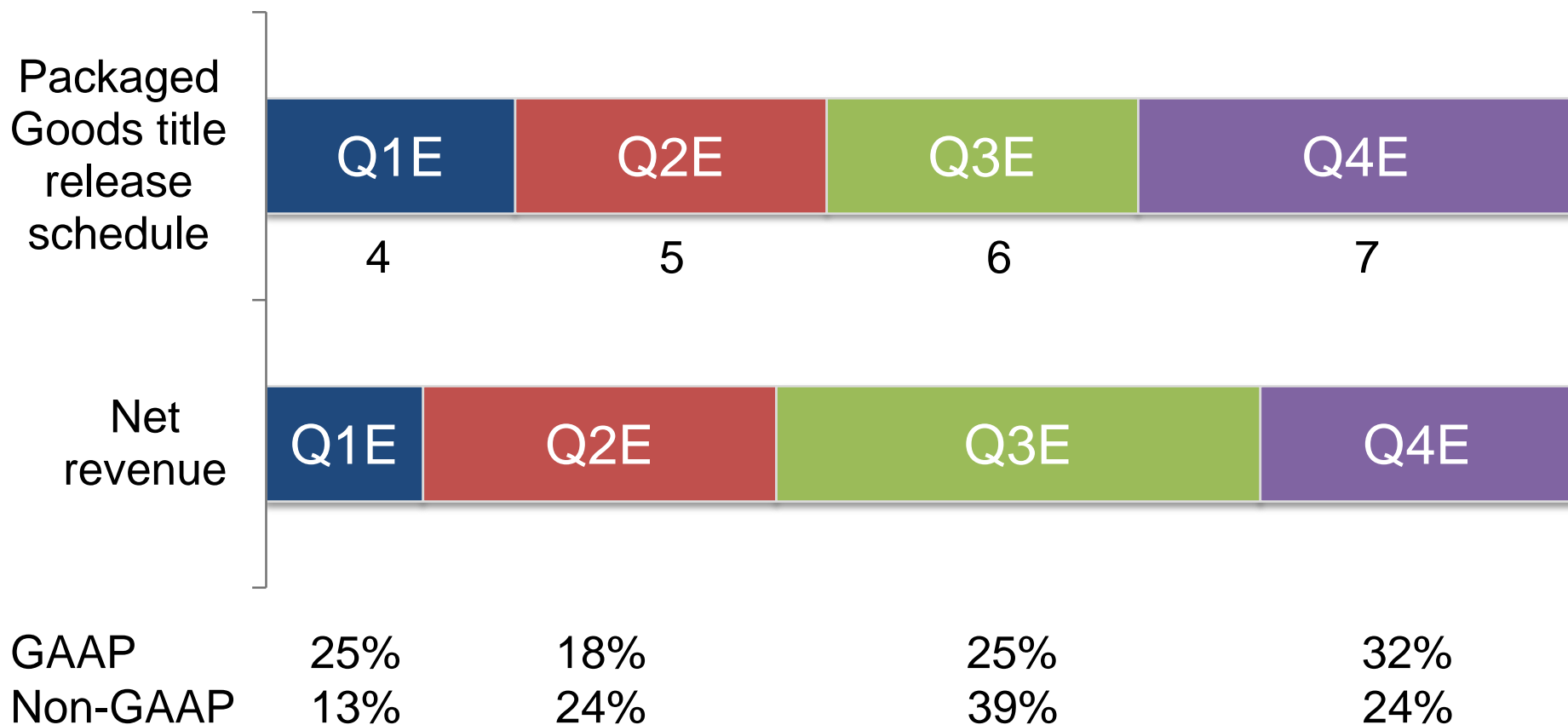
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# Guidance – Revenue<sup>1</sup> Phasing

FY12 title release plan and quarterly revenue phasing



<sup>1</sup> These forward-looking statements are valid as of July 26, 2011 only. Electronic Arts assumes no obligation and does not intend to update these forward-looking statements. The difference in GAAP and non-GAAP quarterly phasing is due to the change in deferred revenue (packaged goods and digital content).

# Guidance – Full Year FY12



Ending March 31, 2012

	GAAP	Non-GAAP
Revenue (\$, millions)		
Publishing and Other revenue (\$, millions)	2,525 to 2,675	2,550 to 2,700
Distribution revenue (\$, millions)	250	250
Digital revenue (\$, millions)	1,050 to 1,100	1,100 to 1,150
Total Revenue (\$, millions)	3,825 to 4,025	3,900 to 4,100
Gross Profit Margin	~61%	~63%
Operating Expense (\$, millions)	~2,400	~2,150
Tax Expense/(Benefit) (\$, millions)	~ (30)	91 to 117
Net Income/(Loss) (\$, millions)	(33) to 70	234 to 300
Earnings Per Share	(\$0.10) to \$0.21	\$0.70 to \$0.90
Diluted Shares (millions)	330/334	334
Operating Cash Flow (\$, millions)	250 to 300	250 to 300

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# Guidance – Q2 FY12



Ending Sept 30, 2011

	<b>GAAP</b>	<b>Non-GAAP</b>
Net Revenue (\$, millions)	675 to 725	925 to 975
Gross Profit Margin	41% to 42%	~58%
Operating Expense (\$, millions)	650 to 670	580 to 600
Tax Benefit (\$, millions)	60	17 to 4
Net (Loss) (\$, millions)	(340) to (289)	(43) to (10)
Loss Per Share	(\$1.03) to (\$0.87)	\$(0.13) to \$(0.03)
Diluted Shares (millions)	331	331

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# **Supplemental Financial Information**

# Non-GAAP Financial Measures



- To supplement the Company's unaudited condensed consolidated financial statements presented in accordance with GAAP, Electronic Arts uses certain non-GAAP measures of financial performance. The presentation of these non-GAAP financial measures is not intended to be considered in isolation from, as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP, and may be different from non-GAAP financial measures used by other companies. In addition, these non-GAAP measures have limitations in that they do not reflect all of the amounts associated with the Company's results of operations as determined in accordance with GAAP. The non-GAAP financial measures used by Electronic Arts include: non-GAAP net revenue, non-GAAP gross profit, non-GAAP operating income (loss), non-GAAP net income (loss) and historical and estimated non-GAAP diluted earnings (loss) per share. These non-GAAP financial measures exclude the following items, as applicable in a given reporting period, from the Company's unaudited condensed consolidated statements of operations:
  - Acquisition-related expenses
  - Amortization of debt discount
  - Change in deferred net revenue (packaged goods and digital content)
  - Loss on lease obligation (G&A) and facilities acquisition
  - Loss on licensed intellectual property commitment (COGS)
  - Gain (loss) on strategic investments
  - Restructuring charges
  - Stock-based compensation
  - Income tax adjustments

The Company uses a fixed, long-term projected tax rate of 28 percent internally to evaluate its operating performance, to forecast, plan and analyze future periods, and to assess the performance of its management team. Accordingly, the Company has applied the same 28 percent tax rate to its non-GAAP financial results.

- Electronic Arts may consider whether other significant non-recurring items that arise in the future should also be excluded in calculating the non-GAAP financial measures it uses. Electronic Arts believes that these non-GAAP financial measures, when taken together with the corresponding GAAP financial measures, provide meaningful supplemental information regarding the Company's performance by excluding certain items that may not be indicative of the Company's core business, operating results or future outlook. Electronic Arts' management uses, and believes that investors benefit from referring to, these non-GAAP financial measures in assessing the Company's operating results both as a consolidated entity and at the business unit level, as well as when planning, forecasting and analyzing future periods. These non-GAAP financial measures also facilitate comparisons of the Company's performance to prior periods. In its earnings press release dated July 26, 2011, Electronic Arts has provided a reconciliation of the most comparable GAAP financial measure to the historical non-GAAP measures.

# Q1 FY12 Reconciliation



## GAAP to Non-GAAP Unaudited Condensed Consolidated Statement of Operations

Three Months Ended June 30, 2011

	GAAP Results	% of Revenue	Acquisition- related expenses	Change in Deferred Net Revenue (Packaged Goods and Digital Content)	Restructuring charges	Stock-Based Compensation	Income Tax Adjustments	Non-GAAP Results	% of Revenue
<b>Net revenue</b>	<b>\$ 999</b>		\$ -	\$ (475)	\$ -	\$ -	\$ -	<b>\$ 524</b>	
Cost of goods sold	240	24.0%	(3)	-	-	(1)	-	236	45.0%
<b>Gross profit</b>	<b>759</b>	<b>76.0%</b>	<b>3</b>	<b>(475)</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>288</b>	<b>55.0%</b>
Operating expenses:									
Marketing and sales	140	14.0%	-	-	-	(5)	-	135	25.8%
General and administrative	74	7.4%	-	-	-	(9)	-	65	12.4%
Research and development	285	28.6%	-	-	-	(23)	-	262	50.0%
Acquisition-related contingent consideration	2	0.2%	(2)	-	-	-	-	-	-
Amortization of intangibles	13	1.3%	(13)	-	-	-	-	-	-
Restructuring charges	18	1.8%	-	-	(18)	-	-	-	-
Total operating expenses	532	53.3%	(15)	-	(18)	(37)	-	462	88.2%
<b>Operating income (loss)</b>	<b>227</b>	<b>22.7%</b>	<b>18</b>	<b>(475)</b>	<b>18</b>	<b>38</b>	<b>-</b>	<b>(174)</b>	<b>-33.2%</b>
Interest and other income, net	3	0.3%	-	-	-	-	-	3	0.6%
Income (loss) before provision for (benefit from) income taxes	230	23.0%	18	(475)	18	38	-	(171)	-32.6%
Provision for (benefit from) income taxes	9	0.9%	-	-	-	-	(57)	(48)	-9.1%
<b>Net income (loss)</b>	<b>\$ 221</b>	<b>22.1%</b>	<b>\$ 18</b>	<b>\$ (475)</b>	<b>\$ 18</b>	<b>\$ 38</b>	<b>\$ 57</b>	<b>\$ (123)</b>	<b>-23.5%</b>
<b>Earnings per share</b>						<b>Loss per share</b>			
Basic	\$ 0.67					<b>Basic and diluted</b>		\$ (0.37)	
Diluted	\$ 0.66								
Number of shares used in computation						Number of shares used in computation			
Basic	331					Basic and diluted		331	
Diluted	337								

# Q1 FY11 Reconciliation



## GAAP to Non-GAAP Unaudited Condensed Consolidated Statement of Operations

Three Months Ended June 30, 2010

	GAAP Results	% of Revenue	Acquisition- related expenses	Change in Deferred Net Revenue (Packaged Goods and Digital Content)	Loss on Strategic Investments	Restructuring Charges	Stock-Based Compensation	Income Tax Adjustments	Non-GAAP Results	% of Revenue
<b>Net revenue</b>	<b>\$ 815</b>		\$ -	\$ (276)	\$ -	\$ -	\$ -	\$ -	<b>\$ 539</b>	
Cost of goods sold	222	27.2%	(3)	-	-	-	(1)	-	218	40.4%
<b>Gross profit</b>	<b>593</b>	<b>72.8%</b>	<b>3</b>	<b>(276)</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>321</b>	<b>59.6%</b>
Operating expenses:										
Marketing and sales	127	15.7%	-	-	-	-	(4)	-	123	22.8%
General and administrative	74	9.1%	-	-	-	-	(12)	-	62	11.5%
Research and development	275	33.8%	-	-	-	-	(30)	-	245	45.5%
Acquisition-related contingent consideration	2	0.2%	(2)	-	-	-	-	-	-	-
Amortization of intangibles	15	1.8%	(15)	-	-	-	-	-	-	-
Restructuring charges	2	0.2%	-	-	-	(2)	-	-	-	-
Total operating expenses	495	60.8%	(17)	-	-	(2)	(46)	-	430	79.8%
<b>Operating income (loss)</b>	<b>98</b>	<b>12.0%</b>	<b>20</b>	<b>(276)</b>	<b>-</b>	<b>2</b>	<b>47</b>	<b>-</b>	<b>(109)</b>	<b>-20.2%</b>
Loss on strategic investments	(5)	-0.6%	-	-	5	-	-	-	-	-
Income (loss) before benefit from income taxes	93	11.4%	20	(276)	5	2	47	-	(109)	-20.2%
Benefit from income taxes	(3)	-0.4%	-	-	-	-	-	(28)	(31)	-5.7%
<b>Net income (loss)</b>	<b>\$ 96</b>	<b>11.8%</b>	<b>\$ 20</b>	<b>\$ (276)</b>	<b>\$ 5</b>	<b>\$ 2</b>	<b>\$ 47</b>	<b>\$ 28</b>	<b>\$ (78)</b>	<b>-14.5%</b>
<b>Earnings per share</b>							<b>Loss per share</b>			
Basic	\$ 0.29								Basic and diluted	\$ (0.24)
Diluted	\$ 0.29									
Number of shares used in computation							Number of shares used in computation			
Basic	328								Basic and diluted	328
Diluted	332									

# TTM Q1 FY12 Reconciliation



## GAAP to Non-GAAP Unaudited Condensed Consolidated Statement of Operations

Trailing Twelve Months Ended June 30, 2011

	GAAP Results	% of Revenue	Acquisition-related expenses	Change in Deferred Net Revenue (Packaged Goods and Digital Content)	Loss on Licensed Intellectual Property Commitment (COGS)	Gain on Strategic Investments	Restructuring charges	Stock-Based Compensation	Income Tax Adjustments	Non-GAAP Results	% of Revenue
<b>Net revenue</b>	<b>\$ 3,773</b>		\$ -	\$ 40	\$ -	\$ -	\$ -	\$ -	\$ -	<b>\$ 3,813</b>	
Cost of goods sold	1,517	40.2%	(12)	-	1	-	-	(2)	-	1,504	39.4%
<b>Gross profit</b>	<b>2,256</b>	<b>59.8%</b>	<b>12</b>	<b>40</b>	<b>(1)</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>2,309</b>	<b>60.6%</b>
Operating expenses:											
Marketing and sales	760	20.1%	-	-	-	-	-	(22)	-	738	19.4%
General and administrative	301	8.0%	-	-	-	-	-	(37)	-	264	6.9%
Research and development	1,163	30.8%	-	-	-	-	-	(104)	-	1,059	27.8%
Acquisition-related contingent consideration	(17)	-0.5%	17	-	-	-	-	-	-	-	-
Amortization of intangibles	55	1.5%	(55)	-	-	-	-	-	-	-	-
Restructuring charges	177	4.7%	-	-	-	-	(177)	-	-	-	-
Total operating expenses	2,439	64.6%	(38)	-	-	-	(177)	(163)	-	2,061	54.1%
<b>Operating income (loss)</b>	<b>(183)</b>	<b>-4.8%</b>	<b>50</b>	<b>40</b>	<b>(1)</b>	<b>-</b>	<b>177</b>	<b>165</b>	<b>-</b>	<b>248</b>	<b>6.5%</b>
Gain on strategic investments	28	0.7%	-	-	-	(28)	-	-	-	-	-
Interest and other income, net	13	0.3%	-	-	-	-	-	-	-	13	0.3%
Income (loss) before provision for income taxes	(142)	-3.8%	50	40	(1)	(28)	177	165	-	261	6.8%
Provision for income taxes	9	0.2%	-	-	-	-	-	-	64	73	1.9%
<b>Net income (loss)</b>	<b>\$ (151)</b>	<b>-4.0%</b>	<b>\$ 50</b>	<b>\$ 40</b>	<b>\$ (1)</b>	<b>\$ (28)</b>	<b>\$ 177</b>	<b>\$ 165</b>	<b>\$ (64)</b>	<b>\$ 188</b>	<b>4.9%</b>
Loss per share								Earnings per share			
Basic and diluted	\$ (0.47)							Diluted		\$ 0.57	



# TTM Q1 FY11 Reconciliation



## GAAP to Non-GAAP Unaudited Condensed Consolidated Statement of Operations

Trailing Twelve Months Ended June 30, 2010

	GAAP Results	% of Revenue	Acquisition-related expenses	Change in Deferred Net Revenue (Packaged Goods and Digital Content)	Loss on Lease Obligation (G&A)	Loss on licensed intellectual property commitment (COGS)	Loss on Strategic Investments	Restructuring Charges	Stock-Based Compensation	Income Tax Adjustments	Non-GAAP Results	% of Revenue
<b>Net revenue</b>	<b>\$ 3,825</b>		\$ -	\$ 57	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	<b>\$ 3,882</b>	
Cost of goods sold	1,767	46.2%	(10)	-	-	3	-	-	(2)	-	1,758	45.3%
<b>Gross profit</b>	<b>2,058</b>	<b>53.8%</b>	<b>10</b>	<b>57</b>	<b>-</b>	<b>(3)</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>2,124</b>	<b>54.7%</b>
Operating expenses:												
Marketing and sales	693	18.1%	-	-	-	-	-	-	(17)	-	676	17.4%
General and administrative	328	8.6%	-	-	(14)	-	-	-	(40)	-	274	7.1%
Research and development	1,192	31.2%	-	-	-	-	-	-	(116)	-	1,076	27.7%
Acquisition-related contingent consideration	4	0.1%	(4)	-	-	-	-	-	-	-	-	-
Amortization of intangibles	56	1.5%	(56)	-	-	-	-	-	-	-	-	-
Restructuring charges	128	3.3%	-	-	-	-	-	(128)	-	-	-	-
Total operating expenses	2,401	62.8%	(60)	-	(14)	-	-	(128)	(173)	-	2,026	52.2%
<b>Operating income (loss)</b>	<b>(343)</b>	<b>-9.0%</b>	<b>70</b>	<b>57</b>	<b>14</b>	<b>(3)</b>	<b>-</b>	<b>128</b>	<b>175</b>	<b>-</b>	<b>98</b>	<b>2.5%</b>
Loss on strategic investments	(15)	-0.4%	-	-	-	-	15	-	-	-	-	-
Interest and other income, net	3	0.1%	-	-	-	-	-	-	-	-	3	0.1%
Income (loss) before provision for (benefit from) income taxes	(355)	-9.3%	70	57	14	(3)	15	128	175	-	101	2.6%
Provision for (benefit from) income taxes	(8)	-0.2%	-	-	-	-	-	-	-	36	28	0.7%
<b>Net income (loss)</b>	<b>\$ (347)</b>	<b>-9.1%</b>	<b>\$ 70</b>	<b>\$ 57</b>	<b>\$ 14</b>	<b>\$ (3)</b>	<b>\$ 15</b>	<b>\$ 128</b>	<b>\$ 175</b>	<b>\$ (36)</b>	<b>\$ 73</b>	<b>1.9%</b>
<b>Loss per share</b>									<b>Earnings per share</b>			
Basic and diluted	\$ (1.08)								Diluted		\$ 0.22	

# Q2 FY12 Guidance Reconciliation



The following table provides a reconciliation of the non-GAAP financial measures regarding Electronic Arts' Q2 FY12 Guidance to the nearest comparable GAAP financial measures. These are preliminary estimates and expectations based on current information as of July 26, 2011 and are subject to business and economic risks and uncertainties that could cause actual events or actual future results to differ materially from the expectations set forth herein. The reconciliation provided below reflects rounding and other approximations.

	<u>GAAP Guidance</u>	<u>Acquisition- related expenses</u>	<u>Amortization of debt discount</u>	<u>Change in Deferred Net Revenue (Packaged Goods and Digital Content)</u>	<u>Restructuring</u>	<u>Stock-Based Compensation</u>	<u>Tax Adjustments</u>	<u>Non-GAAP Guidance</u>
<b>Low end of Q2 guidance range</b>								
Net Revenue	675			250				925
<i>Approximate Gross Margin %</i>	41%	2%		15%				58%
<i>Approximate Operating Expense</i>	670	(15)			(5)	(50)		600
<i>Approximate Tax Expense (Benefit)</i>	(60)						43	(17)
Net Income (Loss)	(340)	30	5	250	5	50	(43)	(43)
Earnings (Loss) Per Share	\$ (1.03)							\$ (0.13)
Diluted shares (Basic for Loss)	331							331
<b>High end of Q2 guidance range</b>								
Net Revenue	725			250				975
<i>Approximate Gross Margin %</i>	42%	1%		15%				58%
<i>Approximate Operating Expense</i>	650	(15)			(5)	(50)		580
<i>Approximate Tax Expense (Benefit)</i>	(60)						56	(4)
Net Income (Loss)	(289)	25	5	250	5	50	(56)	(10)
Earnings (Loss) Per Share	\$ (0.87)							\$ (0.03)
Diluted shares (Basic for Loss)	331							331

# FY12 Guidance Reconciliation



The following table provides a reconciliation of the non-GAAP financial measures regarding Electronic Arts' FY12 Guidance to the nearest comparable GAAP financial measures. These are preliminary estimates and expectations based on current information as of July 26, 2011 and are subject to business and economic risks and uncertainties that could cause actual events or actual future results to differ materially from the expectations set forth herein. The reconciliation provided below reflects rounding and other approximations.

	<u>GAAP Guidance</u>	<u>Acquisition- related expenses</u>	<u>Amortization of debt discount</u>	<u>Change in Deferred Net Revenue (Packaged Goods and Digital Content)</u>	<u>Restructuring</u>	<u>Stock-Based Compensation</u>	<u>Tax Adjustments</u>	<u>Non-GAAP Guidance</u>
<b>Low end of FY guidance range</b>								
Net Revenue	3,825			75				3,900
Approximate Gross Margin %	61%	1%		1%				63%
Approximate Operating Expense	2,400	(52)			(28)	(175)		2,150
Approximate Tax Expense (Benefit)	(30)						121	91
Net Income (Loss)	(32)	95	15	75	28	175	(121)	234
Earnings (Loss) Per Share	\$ (0.10)							\$ 0.70
Diluted shares (Basic for Loss)	330							334
<b>High end of FY guidance range</b>								
Net Revenue	4,025			75				4,100
Approximate Gross Margin %	61%	1%		1%				63%
Approximate Operating Expense	2,400	(49)			(28)	(175)		2,150
Approximate Tax Expense (Benefit)	(30)						147	117
Net Income (Loss)	69	85	15	75	28	175	(147)	300
Earnings (Loss) Per Share	\$ 0.21							\$ 0.90
Diluted shares (Basic for Loss)	334							334