

— PARTICIPANTS

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Eric F. Brown – Chief Financial Officer & Executive Vice President
Frank D. Gibeau – President-EA Games Label
Karl Magnus Troedsson – President & Director, Digital Illusions CE AB
Ray Muzyka – SVP, and Co-founder & CEO-BioWare, Group GM-BioWare Group
Greg Zeschuk – VP, and Co-founder & President-BioWare, GM-BioWare Austin
John S. Riccitiello – Chief Executive Officer
Peter R. Moore – President-EA SPORTS Label

Other Participants

Atul Bagga – Principal, ThinkEquity LLC

— MANAGEMENT DISCUSSION SECTION

Peter Ausnit, Vice President-Investor Relations

Good morning and welcome to EA's Investor Breakfast. I'm Peter Ausnit, Vice President of Investor Relations at Electronic Arts. The following presentation and panel discussion may contain forward-looking statements which involve risks and uncertainties such that actual results may differ materially from expectations. As such, please note the Safe Harbor statements on screen and the risk factors on Form 10-K for the year ended March 31, 2011, which is on file with the SEC.

Now let me introduce Eric Brown, CFO of Electronic Arts. Eric?

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

Okay, thank you. Good morning, everyone, and welcome to the Electronic Arts 2011 E3 investor briefing. Today we will cover EA's financial performance and trends driving the interactive entertainment sector with a specific focus on digital. We'll then review FIFA and Battlefield, two of our largest franchises, which are very good examples of how we're extending our core franchises into the digital space.

Next we will talk about cross-platform trends and EA's strategic approach to this with Origin, our new direct-to-consumer service. We'll close with product reviews of Battlefield 3 and Star Wars: The Old Republic before inviting the executive team up on the podium to take your questions. We'll end promptly at 8:45 so you can continue your day at E3.

Over the last several years, EA has been de-emphasizing lower margin distribution revenue and building its high definition packaged goods portfolio, while simultaneously growing digital. At the mid point, we expect to roughly double our FY '11 digital business compared to FY '10 actuals, a growth rate that far exceeds that of the overall industry. While doing so, we have been increasing our profitability through lower overall costs, and we now expect double-digit EPS growth at the mid point of our range for fiscal '12, and an even higher earnings growth rate as we exit fiscal '12 with Star Wars fully operational.

We've also been transforming our cost structure and emphasizing digital investment. To put this in perspective, in fiscal '10, we spent approximately 30% of our overall R&D on digital and in fiscal '12, we plan to increase that to approximately 45% of our overall R&D budget.

Turning to the industry, the worldwide interactive entertainment market is growing at high single-digit rates and is expected to exceed \$52 billion in calendar 2012, with digital comprising more than half of the total market. In the Western world, industry growth is being driven by digital revenue, which more than offsets a slight decline in packaged goods software.

A large and growing worldwide user base is driving growth in video games. Today we estimate there are over 200 million gamers playing on high definition consoles and PCs, over 300 million playing on social networks, over 400 million playing games on smartphones, and a total of over 1 billion gamers worldwide playing on multiple devices. To be clear, there's high overlap across these categories, but the key point is that what used to be a more limited core platform market is now a mass market due to increases in device accessibility.

The typical Western gamer now has access to more than two and often as many as three or four connected game-ready devices. On average, the U.S. gamer just two years ago, used to play on 2.1 devices and now they're playing on 2.7 devices. Increased device usage creates opportunities for cross-platform publishers like Electronic Arts.

Our largest franchise, FIFA, demonstrates the successful execution of this cross-platform strategy. EA's FIFA business had an exceptional fiscal '11, generating approximately \$700 million in total revenue including \$110 million of digital revenue. Quality, innovation and authenticity drove packaged goods software sales, mainly in high definition platforms.

Digital revenue of \$110 million for the year was comprised of more than half from Ultimate Team content, from FIFA Ultimate Team 2010 and 2011. Approximately one quarter of digital revenue came from FIFA Online, a free-to-play micro transaction-based game service, and the remainder of the digital revenue for the FIFA franchise came from other sources such as social games, FIFA Ultimate Team and FIFA Superstars, and mobile, which was lead by iOS-enabled devices such as the iPhone and the iPad.

We are also improving the way we bring digital content to market for FIFA. This time series compares FIFA 10 and FIFA 11 Ultimate Team revenue trended post launch of the core game. As you can see, FIFA 11, which is illustrated in light blue, is following a very different trajectory. With updates, news feeds, and challenges that connect gamers with ongoing real world league play, FIFA 11 offers new reasons to play every day. Players are more engaged, and FIFA 11 Ultimate Team allows consumers to extend their console experience throughout the year, driving additional ratable digital revenue.

Battlefield is a wholly-owned EA franchise that has similarly built a year-round cross-platform business based on the core high definition game experience. Map packs like Battlefield: Bad Company 2 Vietnam have maintained engagement more than one year post launch. We've extended the franchise to new players with the micro transaction-based services Battlefield Play4Free and Battlefield Heroes, and we also have mobile offerings in this franchise as well.

Overall, we have been successful creating a digital business for the Battlefield franchise. Battlefield generated total revenue of approximately \$475 million in fiscal '10 and fiscal '11 combined. \$84 million of this total or roughly 20% is digital. As you can see, the key drivers are Battlefield: Bad Company 2 console DLC and full game downloads. PC full game downloads represent one third of total PC game sales to date, indicating that PC digital direct for this franchise is an important high margin opportunity. The micro transaction game service Battlefield Heroes and the console full game digital download are important contributors as well, bringing millions of new users into the franchise for the first time.

Mobile, especially smartphones, hold particular promise. In the Western world, we see a \$2-plus billion segment by 2013, growing at a 10% CAGR. Smartphone revenue growth has been obscured somewhat by declining feature phone revenue. In fiscal 2009, EA's mobile business was 90% feature phone-related. By the end of fiscal '12, we expect that smartphone revenue will approach 45% of total EA Mobile revenue.

Another fast growing segment is online games, which include social games. In Q4 of fiscal '11, EA more than doubled its revenue from social games as we started to bring core EA franchises to Facebook. At the same time, social gamers who also own consoles have embraced cross-platform play. Hundreds of thousands of players have unlocked content in our console games by playing the corresponding online game. These online game services allow EA to onboard new players and as you can see from the data above, which from left to right, shows services that have been in the market for a longer period of time.

Battlefield Heroes, by way of example, has been in the market for just under two years. The green data represents users who are new to the franchise overall. And as you can see, we've created millions of new registered users, brought them into the franchise, and this gives us an opportunity now to market to them on a one to one basis and upsell, cross-sell.

Registering new users is important in the context of the digital market. The digital segment is approximately \$30 billion worldwide and growing at around 20% per annum. Over \$20 billion of the calendar '12 estimated digital revenue opportunity is PC-based. The PC is the lead platform in the digital transformation of our industry. Our user registration system, Nucleus, underpins how we support these users. As you can see, we have doubled our registered user base this past year, and have over 112 million total, with tens of millions more users in separate databases that we will be integrating into the Nucleus architecture.

The total addressable gaming market is increasing as more digitally-enabled platforms emerge. At EA, we are now developing our core franchises across all platforms, compared to our traditional three console approach. By offering our franchises on more approachable platforms at lower and at free price points, we are now reaching a larger audience. With Nucleus-enabled registration, we can migrate these new users to multiple platforms, generate more revenue and providing greater utility across the consumer's device of choice anytime, anywhere.

Origin is the customer-facing service that ties this cross-platform experience together. Origin combines industry-leading content from EA and third parties through a persistent, connected social platform that provides gaming experiences across a broad array of devices anytime, anywhere.

Drilling down in a bit more detail, the heart of the Origin architecture is the proven, highly scalable Nucleus registration system that tracks identity, user history, user entitlements and preferences. It is supported by robust security and catalog management. The user interfaces with the persistent Origin PC client, an efficient 35-megabyte client download, and ties in content from franchise sites specific to games. Battlefield 3 community site is an example here, and it is backed up by an online store that serves up a combination of full game content and micro content across a wide array of payment methods, with support today in well over 20 languages.

The Origin feature set is provided here. At the top, we compare what we have today at launch, and in the middle, we compare with what we expect to have by the end of fiscal '12, and at the bottom, we're comparing the feature set to the leading competitive platform Steam. As of the end of the year, we expect to match or surpass the competition on these dimensions, and expect to have a clear lead in terms of cross-platform support and EA-specific exclusive content. Star Wars, for example, will only be available as a digital download through Origin this year.

EA has a leading position in mobile and social games, and free-to-play browser-based games that the competition cannot match and we intend to continue to invest in Origin, aggregating more digital content from third parties like we already do today with Chillingo, and like we have done in the past with our very successful EA Partners program.

The key quarterly releases for Origin are shown here. In Q2, we will add streaming demo capabilities to drive trial and sales, and we'll have a unified friends list. In Q3, the mobile version of Origin will launch on Android, and we'll have exclusive content for titles like Battlefield 3 and Need for Speed The Run. In Q4, we will add a rewards and achievements system, and development will continue on an ongoing basis thereafter.

So in summary, EA is well positioned. We start with a centerpiece user registration system of over 100 million users, it's the heart of the Origin architecture. We have an extensive array of content that we're bringing to the customer via the Origin client. We believe that we have a leading position in terms of cross-platform capability. It's the sum total of these items, current feature set, and planned future development for Origin that believes that we'll be providing a competitive and differentiating, and highly margin accretive digital delivery experience in the years to come.

Now I'd now like to pass the podium to over to my colleague, Frank Gibeau, the President of the EA Games Label. Frank?

Frank D. Gibeau, President-EA Games Label

Thank you, Eric. Good morning, everyone. This week at E3, the EA Games Label has presented four internally developed titles including Need for Speed The Run, Battlefield 3, Star Wars: The Old Republic, and Mass Effect 3. We're very pleased with these games' progress to date, and the critical reception and fan response has been tremendous.

What we'd like to do this weekend – or this week is to present a little bit deeper dive into two of these games. The first will be Battlefield 3, which Karl Magnus Troedsson, our General Manager at DICE, will come up and present in a moment, and then also go deeper on Star Wars: The Old Republic. Dr. Ray Muzyka and Dr. Greg Zeschuk from our BioWare Studios will also come up and give you more information on our very exciting launch with Star Wars: The Old Republic.

I'd like to hand off now to Karl Magnus. Thank you.

Karl Magnus Troedsson, President & Director

Thank you, Frank. So my name is Karl Magnus Troedsson, the world's most complicated name, and that's a Swedish name. I'm very glad to be up here. I'm going to present some facts about the Battlefield franchise and specifically Battlefield 3. Battlefield 3 is something we are super excited about and we'll really bring it out here at E3. But first before we show you the actual game, I want to talk a bit about our franchise.

The Battlefield franchise was launched back in 2002 with 1942. At the time, it was a PC-only title with very genre-defining online multiplayer component. Over time the franchise has moved into different eras and expand with new core features such as single player, we have added co-op, and of course added our signature destructive environment.

This was very significant with the launch of Battlefield: Bad Company 2 in 2008, and cemented by the breakthrough success of Bad Company 2 in spring of 2010. Bad Company 2 was Metacritic rated at 88, has now sold over 7.7 million units, which we are very proud of. And all in all, the franchise has sold close to 40 million copies so far.

We've also launched a lot of additional content for Bad Company 2 such as the Vietnam booster pack that Eric mentioned before. Digital content is a natural focus for us, and when Bad Company 2 Vietnam was released this past December, it revitalized the community and kept the players highly engaged in both the game, but the franchise as a whole. As an example, you can take a look here on the curve and see how our fans came back from short visits to competitive titles when we released this booster pack.

Released nine months after the base product of Battlefield Bad Company 2, Vietnam become a breakout PDLC hit for us, today having sold more than 1.5 million units. But now we're getting ready to celebrate our 10th anniversary of the franchise. We're going to do this by releasing the biggest thing we have ever done, and naturally that is Battlefield 3. Let's take a quick look at how the game looks.

[Video presentation]

Thank you, we have one fan in the audience. Powered by our own game engine called Frostbite 2, we are creating the next generation game for the current gen platform. Battlefield 3 will innovative many different areas, but naturally also contain the signature features such as destructible environments, such as vehicles, huge open landscapes, and all these things that are typical for Battlefield. These are all key features in which Battlefield still is generations ahead of its competitors, all in all creating a best-in-class multiplayer and also a very, very competitive single player. All this will be wrapped in a powerful social layer which we like to call the Battle Log, which will change how you will play and experience first-person shooters today.

EA doesn't plan to charge for the social features. They build game engagement, and game engagement let us drive people to be engaged into DLC sales. So for Battlefield 3, we have a very significant post launch campaign planned, something like three times what we did on Battlefield: Bad Company 2.

So BF3 is the boldest thing we've ever set out to do. It's going to be a true blockbuster proposition. It's going to be a huge game with both single player, co-op and multiplayer, and we are super proud of what we're doing and we're definitely ready to bring it on to our competitors.

And with that, I want to thank you for watching and it's my pleasure to introduce Ray and Greg, the founders of BioWare. Thank you.

Ray Muzyka, SVP, and Co-founder & CEO-BioWare, Group GM-BioWare Group

Thanks, Karl Magnus. So welcome to our presentation on Star Wars: The Old Republic. I'm Dr. Ray Muzyka, I'm the Group General Manger at BioWare and SVP at EA, and I'm joined here by Dr. Greg Zeschuk, the GM of BioWare Austin. We're co-founders of BioWare. Star Wars: The Old Republic is being built by BioWare, primarily in our Austin studio, but also across the five studios of the BioWare Group within Electronic Arts.

As you're likely aware, BioWare has been responsible for developing a number of successful franchises over the years, some of the examples up in the screen there, Dragon Age, Mass Effect, Jade Empire, Neverwinter Nights, Baldur's Gates, Knights of the Old Republic, and so on and more, and is known for delivering extremely high quality, award-winning games that are adored by consumers, both critically and commercially successful.

Our own backgrounds are kind of interesting and usual. We were originally practicing medical doctors and we got into game development because of our passion for gaming. And later on we both got executive MBAs as well because of our equivalent passion for business. We've always

been dedicated to making great games, but we're also devoted to building a great sustainable, profitable business. And we now devoted an enormous amount of our efforts to making the BioWare Group and especially our Group's top priority, Star Wars: The Old Republic, one of the best investments in gaming for our parent company EA.

Our plan is to combine the most powerful IP in the world from LucasArts with the power of Electronic Arts' marketing and distribution, and the quality of BioWare to build sustainable success and long-term enterprise value creation, and we strongly believe we're in a great position to do this. We're tracking quite well.

There are many reasons why Star Wars: The Old Republic is going to be awesome. I'm going to talk first about some of the differentiators and then show you what the game looks like, and then Greg will walk us through some of the features we're using to retain players long term. First off, story and characters are a key differentiator in Star Wars: The Old Republic, with choice that matters, enabling you to be a hero or a villain in the Star Wars universe. We have epic, exciting, fast paced, cinematic combat, it's player versus player, and player versus the environment when you're looking for a solo experience, and a lot of MMO players do that occasionally. So this is a game that really supports both play modes really well.

We have exploration of fantastic new worlds and space all in the Star Wars universe. This is aspirational fantasy of the highest order, and they're all inspired by iconic locations from the movies. That's the sarlacc's pit on Tatooine. With personalized progression to enable you to advance your class in the way that you want them to advance and through any of eight compelling classes, they're all inspired by iconic characters from the Star Wars movies, so you really get to live the fantasy.

So now Greg's going to walk us through some of the guiding principles we're following as we build the Star Wars: The Old Republic, but first let's check out the latest, greatest, all game play trailer from Star Wars: The Old Republic so you can get a sense of the scope of this game and understand why we're so excited about its great potential. Thank you.

[Video presentation]

Greg Zeschuk, VP, and Co-founder & President-BioWare, GM-BioWare Austin

Hey, folks, I'm Greg Zeschuk, as Ray said, the General Manager of BioWare Austin, just tagging off and continuing on. Talk a little bit about value creation, obviously that's a pretty exciting trailer, a lot of amazing stuff there and a lot of great scope. But there's a little more to it than just making a great game. I mean the key to making – creating value in the MMO space is to build a game that'll delight and entertain on a long-term basis. Our goal is to create a reliable long-term revenue stream by keeping our players engaged long term in the Star Wars universe.

We've done a lot of research on market sizing and opportunity. There's millions of active MMO players are out there in the Western world, and Star Wars awareness is huge. It's really – more than 75% of people are very aware of the game, and many of those are actually saying they're going to try it out immediately after the game's available. Our job is to retain those people and create a foundation of a sustainable business, it's a huge opportunity.

Well, we'll drive player retention in three ways. First, delivering a great game. Star Wars: The Old Republic will not only have the features every player looks for in an MMO, but also that significant story player you saw. You saw that example of that during the trailer and as Ray talked about, just that ability to have actual choice in MMO is really a first. And this new level of motivation will cause players to stick with the game and pull them through the experience, in addition to all the other stuff they can do.

Second, delivering a great service. We're drawing on the tremendous experience of the team, as well as leveraging EA's significant infrastructure – obviously we are on Origin exclusively as well, to build really a best-in-class overall service to serve players both safely, securely and reliably.

Third, continuing to deliver content. Star Wars will be a game that never ends. We'll continue to deliver new content over time. This is one of the key tenets of – actually one reason people stick with these games. They know as the experiences continues to evolve, they continue to remain very, very engaged in the long term.

Finally, we're doing a lot of beta testing. I mean those of you that were in some of the investor sessions, we talked about that a lot. That's one of the key things we're doing right now, and we've signed up over a million beta testers from our fan base. I mean these are really hyper-engaged individuals, really more than enough to fill our entire beta testing needs. This is a base of people that we can test from and get what we need.

One thing to expect is some map tests before we get to launch. You'll see more and more people coming in, you'll probably hear about it on the Internet. It's still under NDA testing right now, but as we get closer and closer, you'll hear a lot more about it. I mean thousands have also already played it at this point and the feedback's been great. We do a lot of testing in terms of market research and focus groups, and Net Promoter and recommend to a friend-type scores, as well as the desire to subscribe is very, very high.

So via testing, we're actively also honing our skills. That's another element of doing the service is we put everything through its paces, customer service, making sure that we actually can really, really serve those customers. So really the game is on track to launch quality and keep players engaged for long, long time.

And that's all we've got, so thank you.

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

Okay, so that concludes the prepared presentation. What I'd now like to do is to invite the EA executive team to come join me up here onstage. We have approximately 30 minutes for Q&A, and I believe we have microphones which will be circulated throughout the audience. So if you have a question, please raise your hand, we'll bring the microphone over to you and we'll address your question. Thank you.

QUESTION AND ANSWER SECTION

<A – John Riccitiello – Chief Executive Officer>: Yeah, you're right. I'm going to ask Ray to come up because certainly we'll get a Star Wars question.

<A – Eric Brown – Chief Financial Officer & Executive Vice President>: Absolutely.

<A – John Riccitiello – Chief Executive Officer>: Ray, Ray, you're on mic, right? Come on up.

<A – Ray Muzyka – SVP, and Co-founder & CEO-BioWare, Group GM-BioWare Group>: I'm not.

<A – John Riccitiello – Chief Executive Officer>: You're not on mic, talk loud. I can't imagine not getting a Star Wars question.

<A – Ray Muzyka – SVP, and Co-founder & CEO-BioWare, Group GM-BioWare Group>: Why don't you slide over and then – one chair.

<A – Eric Brown – Chief Financial Officer & Executive Vice President>: Hey, Ray, why don't you sit here at the end? And if you need to, you can use the podium mic.

<A – Ray Muzyka – SVP, and Co-founder & CEO-BioWare, Group GM-BioWare Group>: Sure.

<A – Eric Brown – Chief Financial Officer & Executive Vice President>: Okay, so up on stage, Dr. Ray Muzyka, who you already heard from; Peter Moore, President of EA SPORTS; John Riccitiello, our CEO; Jeff Karp who is the President of the EA Play Label; and Frank Gibeau, President of EA Games Label. So we're happy to take your questions. So please raise your hand and we'll pass the microphone to you.

<A – John Riccitiello – Chief Executive Officer>: Question there.

<A – Eric Brown – Chief Financial Officer & Executive Vice President>: Right here.

<Q – Atul Bagga – ThinkEquity LLC>: This is Atul [Bagga] from ThinkEquity. A quick question on Origin, can you talk a little bit about longer term where you see Origin going? Is it only for EA Partner games or are you are going to open it for third party? And I think on the slides you also talked about social and casual games on that. I was wondering if you can elaborate on that? Thank you.

<A – Eric Brown – Chief Financial Officer & Executive Vice President>: So I'll be happy to take the first part of it. Yeah, to be very clear, our vision for Origin is that it's launched initially with about 150 EA titles. But in the near term, we're going to be adding content from third parties. And the analogy to think of this is that it's the digital distribution advantage for the digital world. In the past EA built the competitive distribution advantage in its global publishing organization and off of that, created an EA Partners business which took best-in-breed content from independent third party developers and moved it through the physical goods EA Publishing system.

So we expect to do something analogous with Origin, reach out to best-in-class independent developers and get their content up alongside EA's. So as you'll note, the branding for Origin is a large logo Origin; small letters, Powered by EA. Again, we want to make this a very attractive option to talented third parties over time.

<A – John Riccitiello – Chief Executive Officer>: Question here?

<Q>: Thank you. I was a little bit surprised to hear that almost half your R&D is going to be in digital. I know digital is obviously growing very fast, but given that packaged software still costs \$10 million, \$20 million, \$30 million or more, can you elaborate a little bit more how you define specifics of this R&D investment?

<A – Eric Brown – Chief Financial Officer & Executive Vice President>: Sure, so the way to think about this and these are rounded percentages and they're intended to convey a sense of the transformation of the reweighting of our overall R&D spend. And so the way we calculate this and just to recap the stat, in F '10, of our total non-GAAP R&D line item, about 30% of that was spent on digital initiatives. And we expect that percentage to increase to approximately 45% in fiscal '12.

And the way we calculate it is analogous to the way we break down our revenue. We have kind of two modes of revenue that we report, packaged goods and all things digital. So for example, the sum total of the R&D against all of our mobile initiatives would fall into the digital investment category. Any spend against an online game service such as Star Wars would go into the digital R&D category.

Any allocated R&D against specifically the construction of digital game modes like Ultimate Team or the equivalent thereof would go against the digital R&D category. Investment against micro transaction-based game services, Battlefield Heroes, Battlefield Play4Free, would go against digital R&D. And finally, all the development against Facebook games within the Playfish division would also be categorized in that digital R&D bucket.

<Q>: Eric...

<A – Eric Brown – Chief Financial Officer & Executive Vice President>: [ph] Bill (32:57) – I'm sorry.

<Q>: Eric, just as a follow-up on Origin, could you maybe give a sense of how much you've had to invest in this business, how much capital you've deployed? And once you get it up to full speed, you want to compete against Steam. How much is that going to cost you and maybe what type of margins you could expect from this business?

<A – John Riccitiello – Chief Executive Officer>: Eric, can I take that for a second?

<A – Eric Brown – Chief Financial Officer & Executive Vice President>: Sure.

<A – John Riccitiello – Chief Executive Officer>: This is John. Losing my voice, but, actually I think it's a little hard to characterize what we've invested in Origin because what underpins Origin is the Nucleus entitlement registration database. And frankly, I can't imagine running a digital content company without that capability. So that was the primary investment. It's a capability that enables us to serve the consumer their personally entitled content, no matter where they are in the world, no matter what device they are, whether it's mobile, a mobile device, on a Facebook account, through consoles, through PC.

We think it's the underpinning of the value of Electronic Arts as a company. We would have invested to create that whether we were going to manifest it as a platform or not. But it is -- the way to think about this is all this stuff is really under the water like an iceberg. Origin is what you see at the top. Couple years ago when Peter launched the EA SPORTS Online Pass, it enabled us to, if you will, participate in a second sale revenue stream with the registration systems with EA SPORTS. You'll have noticed a number of our competitors followed us immediately with similar announcements, followed by [indiscernible (34:37)] by retracting those announcements.

And the reason they did is because they didn't have the ability to actually track the entitlement on a per user basis the way we did. That is not an easy thing to. It's a vitally important thing for our

ongoing monetization. What was hard at Electronic Arts was not – now most of the investment's sunk, it's behind us, so we're in a good spot. What was hard is in the 2009/2010 timeframe, while we were fixing our core, we were also investing in these underlying digital investments that we thought paved the way to the future we saw in the industry.

Now with it behind us, we feel very confident in them. But at the time, they were hard to make because they were being made in what is essentially below the surface, invisible technology from a consumer perspective. That technology is enabling all those great trends that you see now in our digital business. So really separating out Origin would not be a big number, but it would be a little bit like describing the cost of a house as being the roof and the paint. The underlying infrastructure we've been investing in for the last couple of years was what makes Origin possible, and that counts to pretty significant numbers.

<Q>: For John and Frank please, two-part question. One, how big do you guys think the market is for first-person shooters? And second, how are you going to balance the number of shooters that you guys have in development? I mean before you had Battlefield, Medal of Honor rotating. You presumably had Respawn coming up with something eventually. Insomniac's game is a quasi-shooter. And then you're going to have to compete with Halo 4 and the Bungie game and God knows what else. It seems like this is the shooter show. So how big a market and how are you going to balance on a going-forward business?

<A – John Riccitiello – Chief Executive Officer>: Frank?

<A – Frank Gibeau – President-EA Games Label>: Sure, the shooter category is the biggest in interactive. We expect that the category will grow overall this fall. We think there's going to be a lot of activity and attention there, and it'll bring new customers in and reactivate customers that might be looking at other things. In general, we're going to continue to follow our rotation strategy, giving studios a full two-year cycle to get a game built and polished to maximum quality.

But we're going to do it in a way that allows us maximize technology investments like Frostbite 2, the online services models that we're doing. We're going to be able to trade team knowledge and learnings so that we can increase the quality of the products year in, year out. But the idea is to have that rotation happen with Battlefield and Medal of Honor to keep it fresh, but you don't burn the teams out over annualized product lines.

In titles like Respawn and I think the Insomniac title is a little bit more of an action game than a pure shooter, first-person standpoint. We'll sprinkle those in where we see opportunistic gaps either in a release schedule or in a genre standpoint. Those typically are more sci-fi oriented shooters whereas the Medal of Honor and Battlefield brands are obviously much more modern military oriented. So it allows us to kind of pick and choose the best of the sci-fi shooters, it allows us to compete with things like Gears and Halo, put them in places on our release calendar where they're not cannibalistic to the core business. And that's the essential strategy going forward.

<Q>: Hi, [ph] Bill Lindham (37:47), Monness, Crespi, Hardt. John, your appearance with Nintendo yesterday I thought was really symbolic. Here's a hardware manufacturer not known to be really easy for third parties embracing you on the stage, not physically but at least symbolically. And maybe think about the next cycle, does this signal that Sony, Microsoft, Nintendo may be reaching out to third party publishers to somehow figure out how to alleviate runaway development costs? And another way of asking that is can we expect another step function up do you think in the next console cycle with respect to development?

<A – John Riccitiello – Chief Executive Officer>: Well, the way you framed that is there's probably about 25 questions embedded in a paragraph there but – and I apologize, I've been talking a lot the last couple of days and it's wearing on my vocal chords. But first off, I think it was symbolic and if I were an investor right now, I would be skeptical of a company like Electronic Arts

being able to do what we set out to do with Nintendo. Because you're right, they have not been easy to partner with, not because they're not a great company, but in fact because they are great company with such strong intellectual property.

But we reached out to them a couple years ago, we've been talking to them on a regular basis relative to this next platform launch, and we see an opportunity that we only began to hint at for Electronic Arts and Nintendo going forward. And the investment thesis that I would give you here is this: essentially half the installed base today for console games is high definition and the other half is low definition.

And realistically speaking, the low definition gesture-based market with \$49 front line pricing is not an attractive third party business. We don't participate in it in a significant way. And I find it interesting, those that seem to drive growth in market share against shelf stats with third party tend to lose money, so not a great business.

We're really pleased with where the Nintendo business is going next. And it represents a great opportunity for us to address 100% of the market and amortize our R&D investments over a larger market opportunity, a dramatically larger market opportunity, and do ways that are strategic to us. And I would encourage you to go back and look Nintendo's broadcast and look at every word I said about exactly how it might be strategic. I can't give you more than that, but that feels good.

The next question is – you're getting to is a question about step function R&D. And I need to point out a little bit of the complexity in that. When we saw the biggest step function increase in R&D, it was the PlayStation 2 era and the PlayStation 3, Xbox 360, Wii era. Why was the step function so big? Frankly, the CPU/GPU upgrades were big, capacity was a big upgrade, it involved an enormous investment in art, but we also started to develop for two dramatically different platforms, and early efficiency between the PS3 and Xbox 360 was low.

So lots of complexity, lots more capacity, we had to deal with all of that all at the same time, and master online. And as fun as that was, we had to do it when the packaged goods business on high definition was underperforming because of the strength of the Wii and the [ph] vibe (41:01) to pure digital. It was, if you will, a crossing of a lot of negative streams for the profitability of anything other than a top five title in the game industry.

As we look forward, I really don't see that step function coming. We've crossed the Rubicon on what's hard relative to online, particularly EA as we're pushing our IP across a breadth of platforms. A lot of other companies have still got to step up to social, step up to mobile, step up to micro transactions, we're already there.

The second thing is there is nothing beyond 1080p. I mean yeah, there is. I mean I've seen it. I can't tell the difference but I've seen it. And so I don't think we've got that big step function in front of us. And in fact, I would argue that there's a great deal of synergy based on what I see coming down the pipe from first party that I can't talk to you about, where it's going to feel more alike and dissimilar relative to our R&D needs. I frankly think it would be a mistake, and I've heard publishers talk about this, waiting for hardware to innovative for us to be able to spend more money to create better experiences.

I mean does Battlefield need to look any better? Does Need for Speed need to look any better? Or do we need to innovate across global lines, across community, across social, across business model? Frankly, there's more opportunity in what we're already doing harvesting that than trying to step up and put more pixels on the screen.

So yeah, there'll be some modest increase, but we're not engaging in step function increases in R&D from this point forward for new platforms for a whole bunch of reasons, but mostly it's because we've reached a place – I wouldn't say diminishing returns relative to pixels on screen and visual

fidelity, but we're getting on to a place where it's awfully darn good now, and other things matter more. And we've already crossed the investment threshold of what matters there inside of Electronic Arts. I think a lot of the other companies have got some catching up to do.

<Q>: Can you talk about any structural changes to margins in the mid and to longer term, if you're more successful with your direct downloads, directly to consumer? And then just in general structural changes to margins for your business and the industry, as digital becomes more and more important?

<A – John Riccitiello – Chief Executive Officer>: So, Eric, let me take one, first part of that, because I want to correct something. If what you think Origin is is digital direct distribution, I would argue you're mistaken. Yes, we start by downloading clients in many cases. But I am a strong believer that over the course of the next two to three years, the majority of transactions off of Origin service will not be pay to download \$49 PC game or – it's going to be inside the game for micro transactions, types of subscription, types of ongoing business models that can only be done when you own the content and the platform.

So as a starting point, that's a little bit of an answer to how we can expand margins. I'll let – given my failing voice, I'll let Eric build on that, but don't think about what's happening – well, one positive's pretty obvious. You pay a retailer 20%, 30%, that's lower than high, you pay a console maker a certain share, et cetera, and typically through a platform like Origin, we have to keep 100% or we eliminate one margin partner. That's a good thing, but there's more to it than that, and I'll let Eric...

<A – Eric Brown – Chief Financial Officer & Executive Vice President>: Yeah, the bigger long-term opportunity is this notion of increased accessibility. So we talk about a billion plus gamers across a variety of devices. What we're going to be adding to Origin as well as part of the – an earlier question is adding genres, so free-to-play games, casual games, for example. What we want to do is bring even more people onto the EA gaming universe through those types of games, through Origin, and then identify, track their behavior, and then create a one to one ongoing relationship to upsell and cross-sell.

Because what we're finding is that we're moving past an era where we had basically one kind of price point, where we would sell a unit at \$59, \$60 retail and there's no price point effectively above and below. And that allowed us to address a very fixed, defined kind of core market. With a digital service like Origin, with games embedded in free-to-play mode or in ultimately a mobile as well, we can provide price entry points of zero up to \$5, \$10, \$15 and price points well above \$60. We envision over the future subscription type services offerings, complex bundles, et cetera where we can sell people everything they can conceivably desire in a franchise.

We're already discovering, for example, some incredible pricing elastic behavior like FIFA Ultimate Team. We have customers that are paying us thousands of dollars per annum. They can't consume enough digital content. And so Origin, think of it as a means for us to address hundreds of millions of users. We already have over 100 million registered in the system itself. We want to expand that, offer them a wide array of content across all genres, EA, third party, and price points that ultimately go from zero up to multiple thousands of dollars.

<Q>: Back here, question on the industry – I mean specific to you, but if you look at this industry, we seem to be in the eye of a storm in terms of debt costs went up, margins got impacted. Looking ahead, you see all the incremental growth come off of social, mobile, and casual Internet gaming and the console market seems to be flatlining. On the point that you just made on pricing, your ARPU sits at around \$45 per console game today. How do you manage the transitional risk that everything else incremental for growth for this industry is roughly \$5 or less?

And in that, if you assume at 20% operating margin on the console or 20% on the new stuff that's growing, how do you offset the profit dollar impact that you're losing out on if console doesn't ramp up? Take a game like Battlefield, don't you worry about the risk of people buying the \$5 version or a \$1 mobile version as opposed to the \$45 full price retail?

<A – Eric Brown – Chief Financial Officer & Executive Vice President>: Okay, lots of questions in there as well as kind of statements, so I'll try to take portions of it. So one of the things that's really important, we talk about digital versus packaged and you can argue it's either/or, but one of things we've really definitively proved as of the end of fiscal '11 is that there's absolute synergy between a really good high definition packaged goods business and digital.

We've taken the point of view, starting several years back, that we really wanted to go long and deep on digital and high definition platforms. Digital, obviously we understand the growth is there through a variety of business models with some very specific requirements that tie back to back end infrastructure as well as different forms of content. But even in the packaged goods space, we're seeing tremendous digital extension opportunities through DLC.

Three years ago, there really wasn't a DLC business. Now it's multiple billions and it is extremely high margin. We've now proven with actual numbers to date, we're generating \$50 million and counting of pure high margin digital revenue off of two of our big 12 franchises. So an opportunity for us, as we talk about \$60 price point versus discrete \$10, \$15 or \$20 DLC price points, is to increase the digital weighting on the core franchise.

And if you have package goods businesses with the engines already built, fully amortized as we do today, for all the major platforms, the incremental cost to digitally extend is fairly modest. And so the DLC opportunities that we've shown in FIFA and Battlefield and we're seeing in other franchises like Mass Effect and Dragon Age and others, is a very attractive opportunity. The price point may be \$10, \$15, \$20, but there's like no cannibalistic effect here, absolutely zero. We're the exclusive providers of that form of digital content. We have a local monopoly on that type of content for the specific game, right? It's something that EA can only do.

<A – John Riccitiello – Chief Executive Officer>: By way of example, our fastest growing packaged goods games, Battlefield, FIFA and a few others that we've mentioned here today, are also those that are growing fastest in digital. It's not the other way around. It's not cannibalism, it's accretion to the franchise. Ours is an industry that served a couple hundred million people a decade ago. Ours is an industry that serves north of a billion today.

We find – we put a new free service in the market for Need for Speed, while simultaneously doubling the packaged goods on Need for Speed. We put three services in the market for FIFA, while simultaneously increasing our FIFA business on the packaged good side by hundreds of millions of dollars. We put three services in the market for games, it drives our universe, it drives our revenue, it drives our margin. And if you've been watching EA, we used to spend almost \$1.2 billion in R&D. We spent about \$1 billion. Eric described that we've moved 45% of our R&D into digital.

What does that mean? Well, \$1.2 billion five years ago was virtually pure packaged goods. It's actually hard – all of you imagine what it might have been like to take \$1.2 billion to 55% of \$1 billion. So that's more than a 50% reduction in pure investment against packaged goods. And it's been a reallocation against higher growth channels. One of those growth channels – and by the way, do not write off console. In 2010, there was \$3.7 billion in console-related DLC. That is bigger by almost 2X the social gaming market. People forget that these businesses have other parts of them that make them very attractive.

Those of you who have been tracking our industry for a while remember that we once had a \$2 billion packaged goods PC market. How many times have we read the PC market is going to hell?

Well, it is. It went from \$2 billion to \$1 billion, if you exclude everything [indiscernible] (51:35), and you only include retail. It's actually gone in that timeframe, seven years, \$2 billion to \$1 billion, from \$2 billion to \$12 billion. It's one of the fastest growing platforms of the marketplace when you look at what's actually transacting, micro transaction, subscription. World of Warcraft alone is half of what the PC market used to be.

I think, the issue is I think a lot of us track too narrow a scope when we're looking at this business and we need to open that scope and look at the opportunities it's really representing, which is why we're seeing margin expansion these last couple of years, and why we expect to see that going forward.

<A – Eric Brown – Chief Financial Officer & Executive Vice President>: We have time – we have another five minutes, so maybe one or two questions.

<Q>: Yeah, in Hollywood, negotiating with LucasArts is as terrifying as some of your games. Will there be anything left for the shareholders after that name appears on the start of the show?

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

<Q>: And when's the introduction?

<A – John Riccitiello – Chief Executive Officer>: I'm sorry?

<A – Eric Brown – Chief Financial Officer & Executive Vice President>: When is the introduction?

<Q>: When's the introduction?

<A – John Riccitiello – Chief Executive Officer>: So I'm going to frame the beginning of this and I'm going to let Ray jump in. So Ray, Frank and I have spent at least three lifetimes together negotiating with Lucas. So we know them well, probably a lot better than they or we would like from the negotiating table perspective. I will make this point: we're making a great product, we have a great partnership and we have a really, really, really good business partnership based on solid financial underpinnings that make sense for this business. If we could do it all over again with an original IP versus Star Wars, we'd do it with Star Wars. Ray and Frank and I revisit that decision all the time.

We've not given you the answer and I'm going to let Ray put some color on this, for the ship date. To do so would be irresponsible for two really good reasons: one, competitive marketplace. Putting a window out there creates a window of opportunity for a principal competitor to put an expansion pack, an ad campaign, et cetera around our launch window: bad move at this time.

Second, you do a beta for a reason. You intend to learn something. If you have the answer before you ask the question, you're not listening. We intend – Ray and Greg and Frank listen to their consumers. We have a best judgment as to when that's going to happen. We've created our annual operating plan around it. But if we fail to listen and sub-optimize a 10-year revenue opportunity, a profit opportunity for jamming ourselves into a corner, we're not the management team you should invest in. I mean, Ray, do you want to add to that? You got a mic here.

<A – Ray Muzyka – SVP, and Co-founder & CEO-BioWare, Group GM-BioWare Group>:

We've been testing the game aggressively for quite a long time. We've been in closed beta testing as Greg mentioned. We have over a million consumers that are double-upped and registered for beta testing, nearly a million and a half on our website that are actually getting active promotions to us – from us. And the focus for us as we head towards launch is on security and stability, and scalability, retention. These are some of the basic pillars we're building the game around.

And our testing program really reaffirms to us that we're hitting all those goals. So we have a very carefully planned milestone series and we're tracking really well. So we're actually getting more and more confident as we progress. And the results in consumer testing are incredible, fantastic response, really high Net Promoter scores, extremely high desire to subscribe from the player base and in fact, it increases over time. The higher the level they get in the game, the more they want to play, and the more they want to tell their friends.

So we're focusing on onboarding, we're focusing on accessibility, and really addressing all the potential markets. This game has a huge addressable market. You mentioned would – the Star Wars license, is that a good choice? I think it's a great choice, partly because we have a great relationship with LucasArts and also because there's tens of millions – tens and tens of millions of potential consumers for this game, because Star Wars is the biggest IP in the world, and that's a factor that can't be underestimated.

In addition to that, we have MMO players. World of Warcraft has helped to grow the audience for us. And as a seven-year-old MMO now, we're launching some really innovative, differentiated features that I think we'll have an opportunity to capitalize on and have tremendous respect for the folks at Blizzard, but I think we're building a product that will more than compete.

Beyond that, we have BioWare's audience. We have millions of consumers registered at the social hub at BioWare and they're very loyal to our games, they buy our games over and over. And of course we have over 100 million consumers on the Nucleus database at Electronic Arts, and that's an addressable market too and beyond that, world of potential gamers. So we have a huge audience that's going to be receptive to this game. And we have very carefully planned milestone program that we're tracking well – very well against and we're getting more and more confident.

<Q>: Couple of questions, one for Eric and one maybe for Peter. Eric, is there a linear relationship between the digital revenue shift in margins? Can you say if you move another 10 points of revenue to digital, you'll see a X% margin improvement? And then, Peter, maybe talk about Madden, how it's shaping up? And any lessons you learned from FIFA, can you apply that to Madden to get that growing again? Thanks.

<A – Eric Brown – Chief Financial Officer & Executive Vice President>: Yeah, I'll take the first half of it and then pass it to Peter and then we'll have to conclude so you can get on with your E3 agenda. So I mean digital margins are very attractive. We've repeatedly said that our pure play scale digital businesses, mobile's a good example, operates in a fully loaded basis and a non-GAAP operating margin of roughly 20%. We have a number of smaller scale MMOs that have been in operation in some cases over a decade. They operate at well in excess of 20%, closer to 30% fully loaded non-GAAP operating margins.

Important point for us, so net we expect our margins to increase over time. Fiscal '12 is an interesting year because we entered the year with Star Wars still under development, with R&D being expensed through the P&L, so by definition is 100% dilutive. If you look at F '12 for the 12 months, you have a partial year combination of dilution and accretion and the – as Start Wars goes live.

We exit fiscal '12 looking like a very different company. We've said in the past that compared to FY '11 actuals, we're looking at full year annualized revenue in F '13 where Star Wars is fully operational at levels well above what we've guided to as the mid point for fiscal '12. So F '12 is a – in many regards a transformational year, as we take our single biggest digital investment and operationalize it.

Along with that, we're getting very good margin returns on console DLC. We've talked about that before. You've seen the progression on FIFA, \$15 million to \$30 million to \$45-plus million and

counting, similar types of trends in Battlefield. We're starting to see other trend lines in some of our other major franchises, all that is highly margin accretive to the company. Peter?

<A – Peter Moore – President-EA SPORTS Label>: Yeah, Madden 12 is tracking well. I think you all know we announced an August 30 ship date. A couple of reasons for that: it gives us actually NCAA Football, which is a title we've got great belief in, performed incredibly well last year, it's looking spectacular for this year and we think the opportunity for college football in particular during this period of uncertainty regarding the National Football League and the lockout gives us a great runway into having an extra few weeks at retail before Madden ships.

August 30 also allows us some marketing flexibility depending on what goes on between the NFL and PA over the next few months. So we have several marketing strategies that the team can execute at a moment's notice depending on if and when the season plays, if this is a bridge season. That allows us to be able to kick in our marketing strategy at a later date, should it be necessary.

From the perspective of lessons from FIFA, I'd say Madden's about half a step behind what Matt Bilbey showed you on the stage at the press conference as regards the ability to be able to track the persistence and presence of our players around the world on all FIFA experiences. We're probably I'd say half a season behind where FIFA currently is. It's the gold standard right now not only at EA, but in the industry for being able to aggregate what is now 42 million people who had a FIFA experience in FY '11 across all platforms from Facebook to Xbox LIVE to PlayStation Network '11 versus '11. Madden will be right there probably by the time we get to Madden 13 with all of the features we're seeing in EA SPORTS Football Club. You can expect that ability to aggregate our Madden consumers to be right there when we ship Madden 13 next year.

<Q>: Thank you.

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

Okay, so that concludes the presentation. Thank you, everyone, for your time this morning and we'll look forward to seeing some of you at the EA booth out on the show floor.

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