# ELECTRONIC ARTS

Wedbush TMT Conference

March 8, 2012

# Safe Harbor Statement

## Please review our risk factors on Form 10-K and Form 10-Q 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 titles 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 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; the general health of the U.S. and global economy and the related impact on discretionary consumer spending; fluctuations in foreign exchange rates; the financial impact of acquisitions by EA; the Company's ability to realize the anticipated benefits of acquisitions; the seasonal and cyclical nature of the interactive game segment; the Company's ability to attract and retain key personnel; changes in the Company's effective tax rates; the performance of strategic investments; the impact of certain accounting requirements; adoption of new accounting regulations and standards; regulation of the Company's activities in key territories; the Company's ability to secure licenses to valuable entertainment properties on favorable terms; the Company's relationship with key customers and other business partners, and other factors described in the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2011, and the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended December 30, 2011.

These forward-looking statements are valid as of March 8, 2011 only, except as otherwise noted. Electronic Arts assumes no obligation and does not intend to update these forward-looking statements

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.

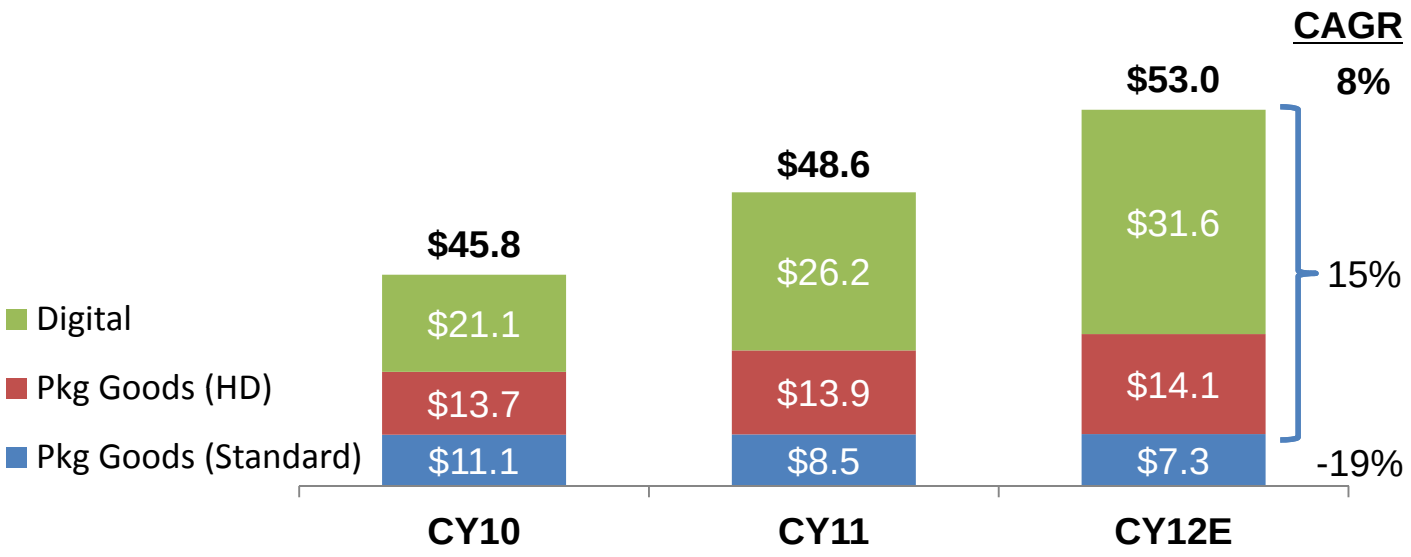
# Agenda

- Industry Trends
- EA's Current Position
- The Path Forward

# INDUSTRY TRENDS

# Interactive Entertainment

## A Growth Sector Driven by Digital and HD

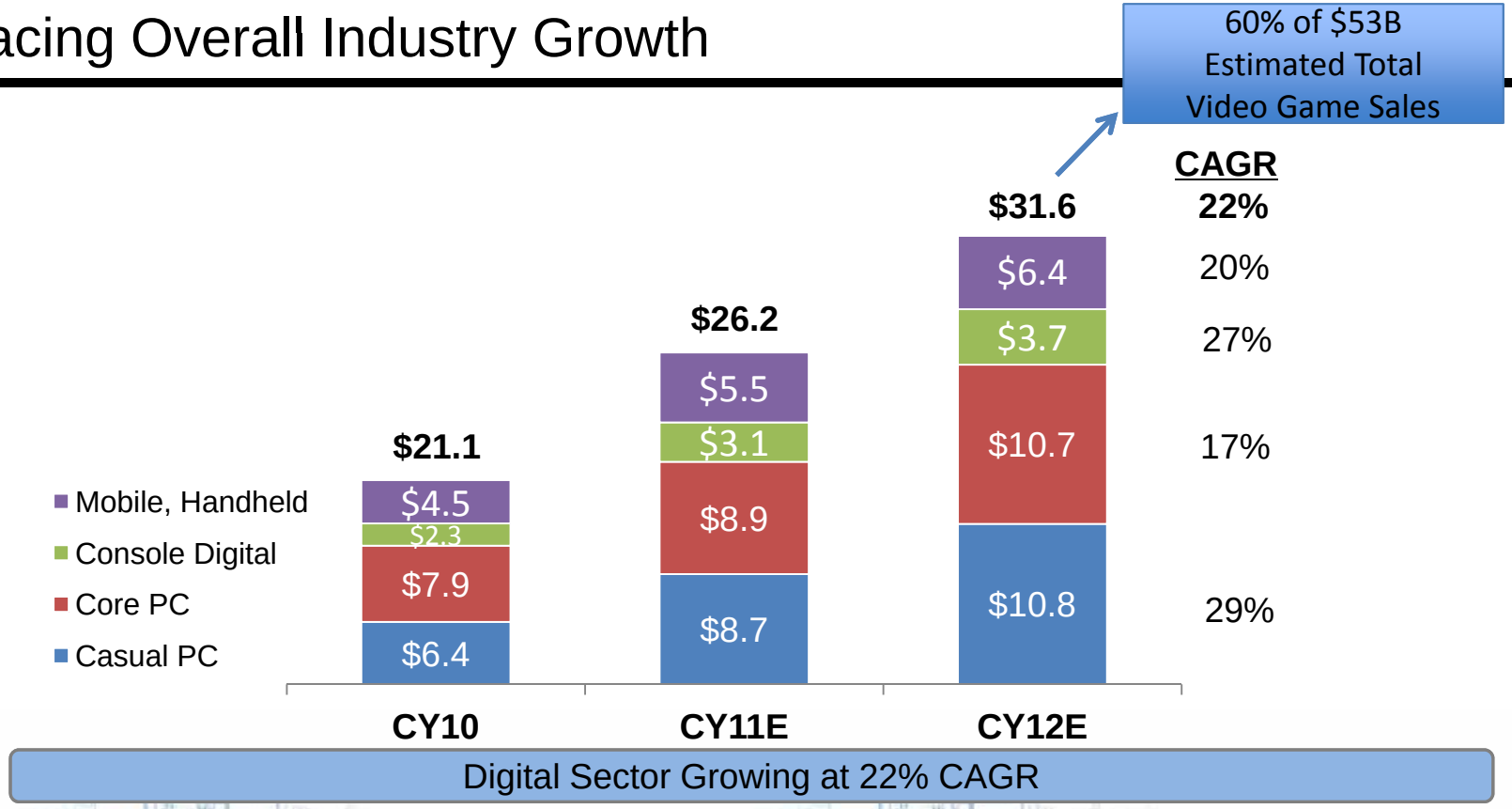



Growth in Digital and HD is Masked by Decline in Standard Definition Consoles

*USD in billions*
*Source: EA estimates*

# Digital Interactive Entertainment

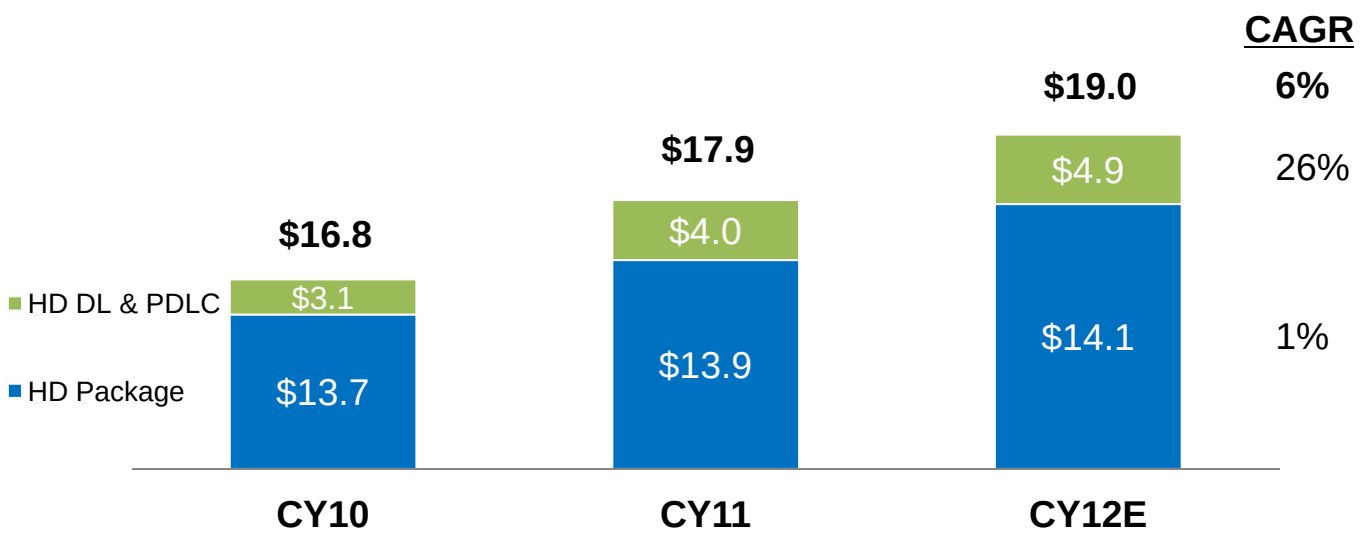
## Outpacing Overall Industry Growth




*USD in billions*
*Source: EA estimates*

# HD Packaged and Digital

## Full Game Downloads and DLC Driving Continued Growth




CY12 is the 7th Year of this Console Generation; HD Still Growing

*USD in billions*
*Source: EA estimates*

# Interactive Entertainment Industry

## An Attractive Growth Story

- Led by 22% Digital CAGR
- HD Consoles and PC Continue to Grow
- Standard Definition Decline Partly Offsets Growth Segments

*Source: EA estimates*

# EA’S CURRENT POSITION

# EA Brands Lead Across All Platforms

**#1 PC Retail**

**#1 HD Console**

**#2 PC Download Platform**

**Top 2 PDLC Franchise**

**#1 Mobile & Apple & Reader**

**#1 Casual**

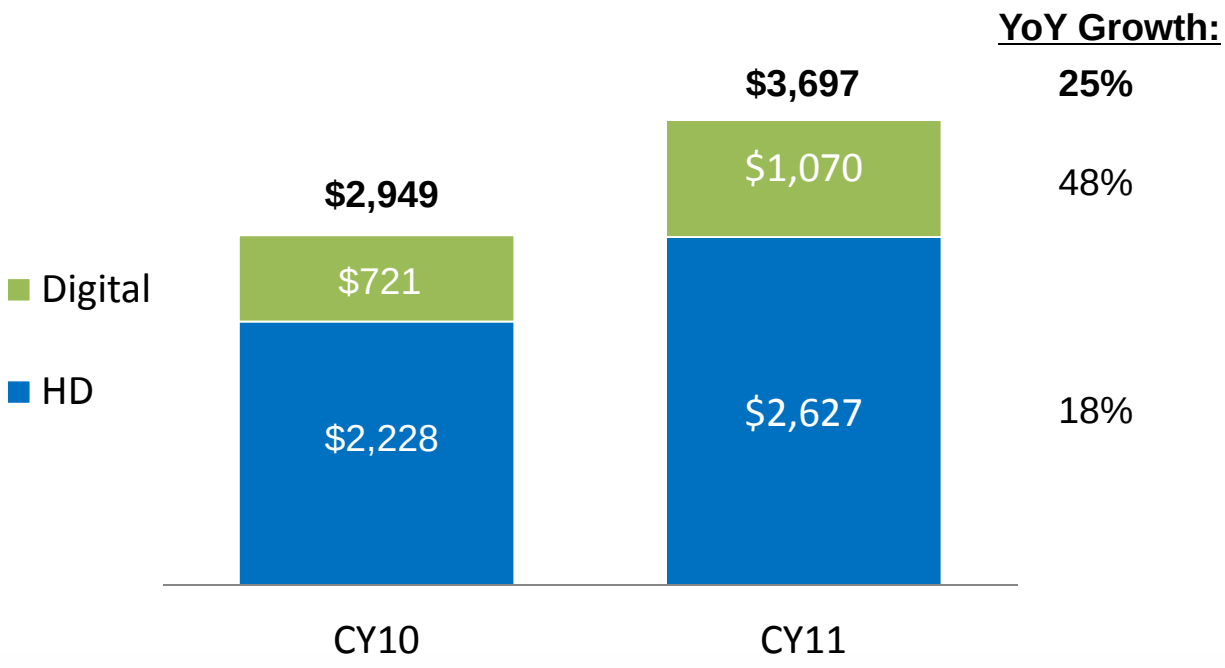
**#2 Social**

**#2 Subscription MMO**

*Source: EA estimates*

# EA's HD and Digital Revenue

## Key Areas of Growth

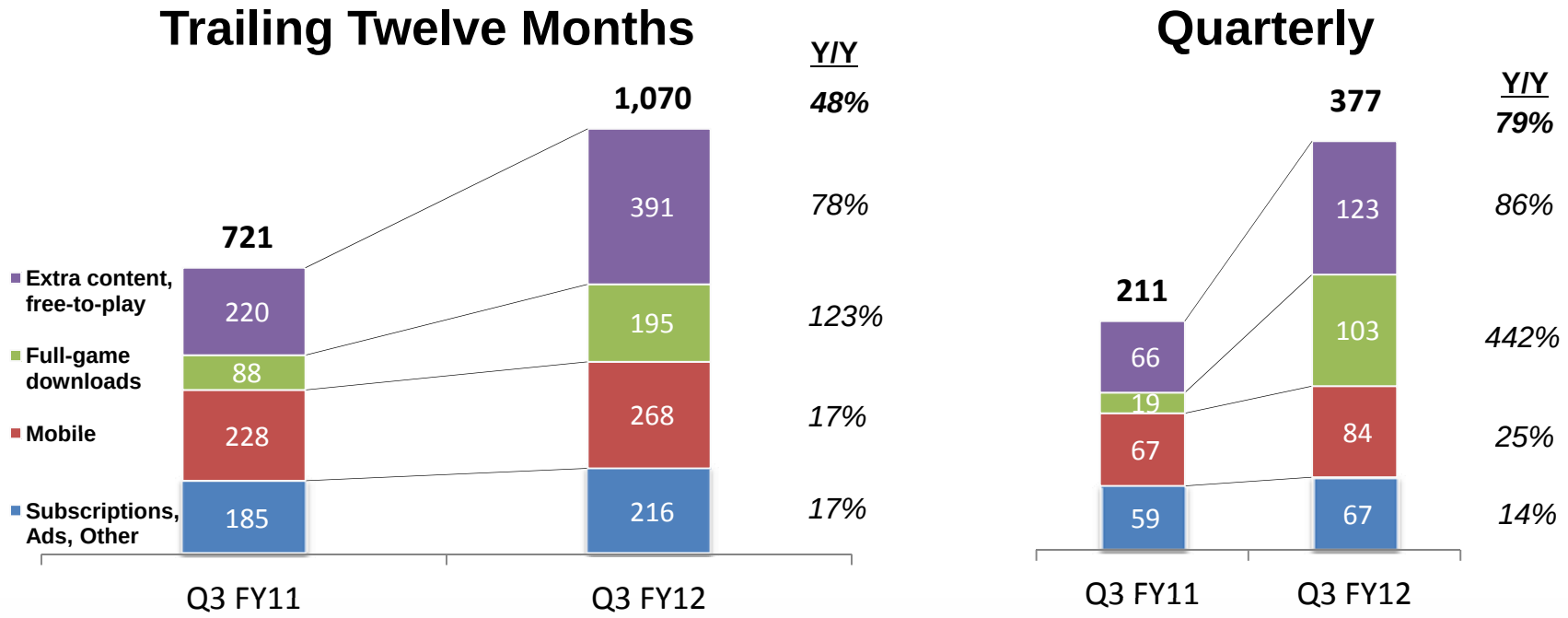



HD and Digital Growth = 25% YoY, Outpacing Industry Growth

*USD in millions*
*Revenue based on Non-GAAP revenue for Calendar Years*

# EA Digital Revenue by Type

## EA is Invested Across Segments; Growing in Key Areas




EA Digital Growing 48% Y/Y TTM. Significantly Faster than the Industry.

Source: EA estimates
Digital Revenue In millions, on a non-GAAP basis.
PC includes browser. Mobile includes handheld

# EA Western World Market Share

## Taking Share

| | CY10 | CY11 |
|---|---|---|
| Pkg Goods (Excluding Distribution) | 16% | 18% |
| Pkg HD Market | 23% | 25% |
| Digital | 12% | 14% |

EA Taking Market Share, Driven by HD and Digital Success

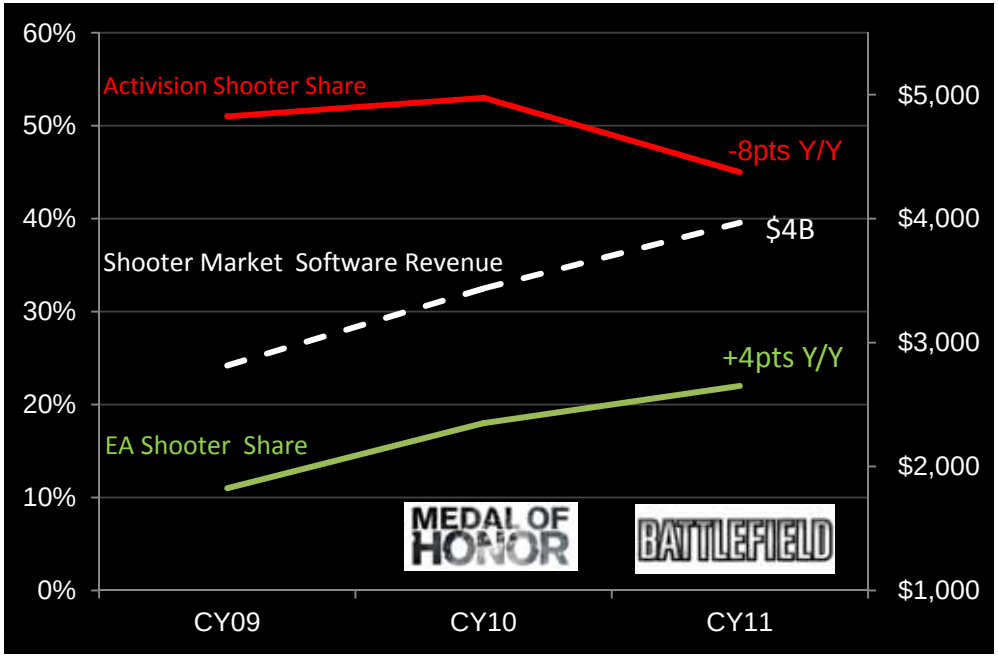
*Source: EA estimates*

# Star Wars: The Old Republic

- Most successful subscription MMO launched
- Recently launched in Australia, New Zealand, Hong Kong and Singapore
- End of February
  - More than 1.7M  active subscribers

# FPS Market Share – Western World

## EA Taking Share in FPS Market




Graph depicts Western World shooter market consumer revenue, and market position

- The shooter market grew to $4 Billion in CY11, up $500 million
- EA took share in the growing shooter market with the release of MOH and BF3
  - EA gained 4 points of share in CY11

*Sources: NPD, GFK and EA estimates*

# Continued Margin Expansion

## Proven Margin Expansion Over Past Few Years

| ($ in M, except for EPS) | Actuals | | | Estimate |
|---|---|---|---|---|
| | FY 09 | FY 10 | FY 11 | FY 12 |
| Non-GAAP Basis: | | | | |
| **Net Revenue - Excl. Distribution** | ***$3,196*** | ***$3,554*** | ***$3,614*** | ***$3,909 - 3,959*** |
| Net Revenue | $4,086 | $4,159 | $3,828 | $4,134 - $4,184 |
| Gross Profit | 2,013 | 2,302 | 2,342 | |
| *Gross Margin* | *49%* | *55%* | *61%* | *63%* |
| Operating Expenses | 2,181 | 2,106 | 2,029 | >$2,250 |
| Operating Income | (168) | 196 | 313 | |
| ***Operating Margin*** | ***-4%*** | ***5%*** | ***8%*** | ***8% - 9%*** |
| **EPS** | **($0.30)** | **$0.44** | **$0.70** | **$0.77 - $0.87** |

Significant Margin Growth

Estimate for FY12 based on actuals through Q3 FY12 and guidance for Q4 FY12.

# EA's Position

Leadership: #1 or #2 Across Significant Sectors

Market Share: Grew Market Share

- Driven by HD and Digital

Improvements: Topline Growth (Ex-distribution) and Demonstrated Margin Expansion

EA
THE PATH FORWARD

# Billion-Dollar Brand Assets

| *Lifetime Retail Revenue* | |
|---|---|
| Over $5 BN | FIFA |
| Each Over $4 BN | Madden NFL<br>Need For Speed<br>The Sims |
| Each Over $1 BN | Battlefield<br>NBA Live<br>PGA/Tiger Woods<br>Medal of Honor<br>NHL<br>NCAA Football |

*Source: EA estimates*

# Successfully Leveraging Brands Across Platforms

| *IP* | *CONSOLE/ PC* | *CONSOLE / PC DLC* | *MOBILE* | *FREE 2 PLAY/ SOCIAL* |
|---|---|---|---|---|
| BATTLEFIELD | | | | BATTLEFIELD heroes |
| EA SPORTS FIFA | | | | |
| The SIMS | | | | |

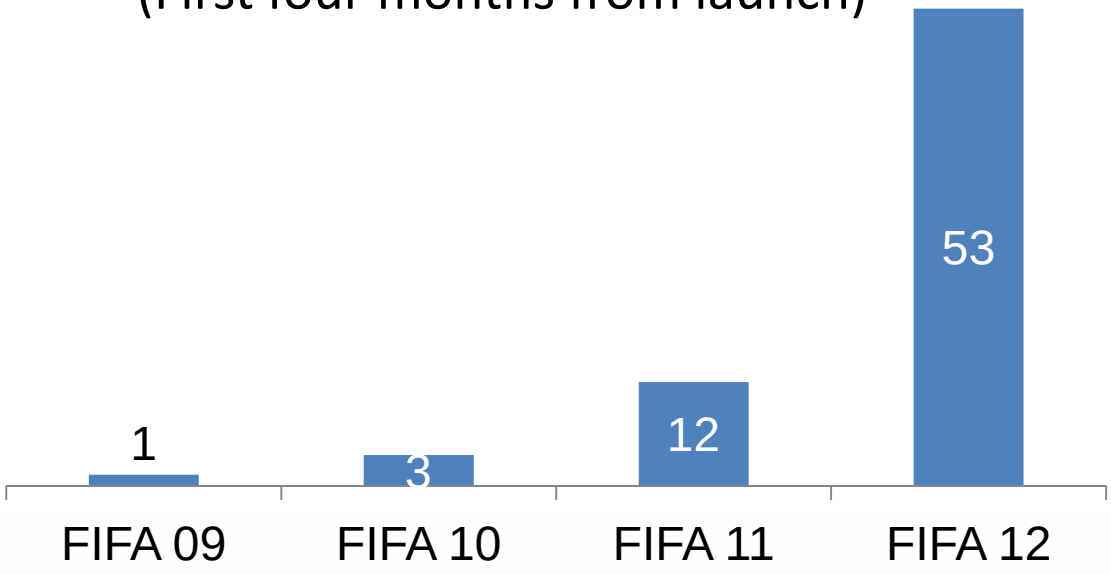
EA has Proven Cross-Platform Capability

# FIFA's Digital Revenue Growth

## Leveraging Digital Platforms to Expand Core Franchises

**Digital Revenue**

(First four months from launch)




$, in millions, non-GAAP, as of December 31, 2011.
Actual data from September launch through December 31st of each year.

# Origin Platform and Nucleus Accounts

Origin:

- Generated $120 million in revenue*, fiscal year to date
- 30 third-party publishing partners
- Client installed on more than 10 million desktops

Nucleus:

- Registrations grew to 188 million to date

** Non-GAAP Revenue*

# Summary

- Gaming a Growth Story Led by HD Console & Digital
- EA in Lead Position, gaining share
- EA's Brands and Emerging Platform Capability Positions us Well for Continued Growth and Significant Margin Expansion

EA