



# **Electronic Arts Inc. Q2 FY 2012 Results**

October 27, 2011

# Safe Harbor Statement

Please review our risk factors on 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 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 Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2011.
- These forward-looking statements are valid as of October 27, 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 September 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 September 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.



# Q2 Summary<sup>1</sup>

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

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**Frontline:** Above expectations led by *FIFA 2012*, *Madden 2012* and *NHL 2012*

**Catalogue:** Expected results, mainly driven by *Battlefield: Bad Company 2*,  
*FIFA 2011* and *The Sims 3*

**Digital:** Continued momentum with 30% growth YOY, driven by the inclusion of  
PopCap and the launch of *The Sims Social*

**Outlook:** Raising mid-point and narrowing the band of full year non-GAAP  
Revenue and EPS guidance

**Capital:** Repurchased 11.8 million shares for \$247 million life to date

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

<sup>2</sup> As compared to our July 26, 2011 guidance

# Financial Summary



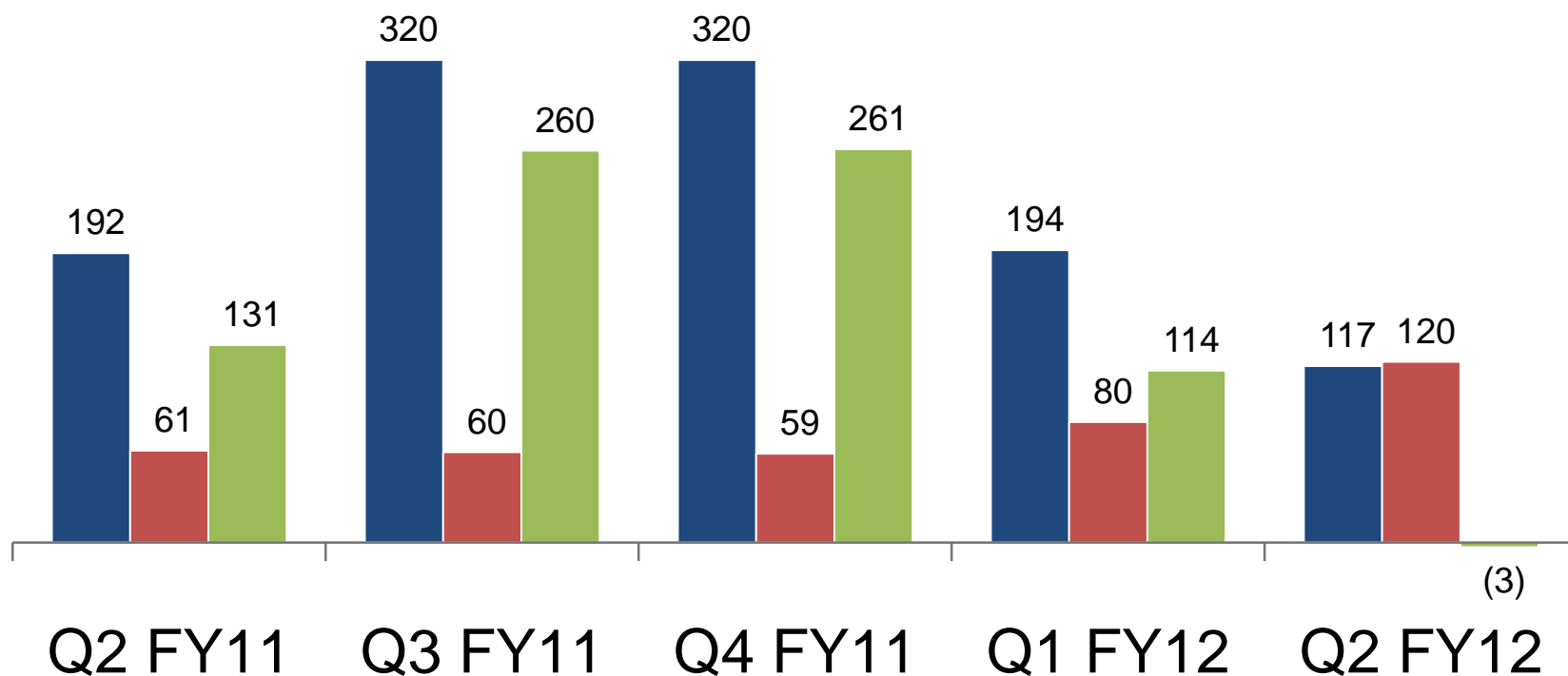
|  | GAAP         |              | Non-GAAP |         |
|--|--------------|--------------|----------|---------|
|  | Q2 FY11      | Q2 FY12      | Q2 FY11  | Q2 FY12 |
| Net revenue (\$, millions)                     | 631          | 715          | 884      | 1034    |
| Net revenue at Q2 FY11 FX rates (\$, millions) |              | 644          |          | 980     |
| Gross profit margin                            | 42.5%        | 39.6%        | 59.2%    | 59.0%   |
| Diluted EPS (LPS)                              | (\$0.61)     | (\$1.03)     | \$0.10   | \$0.05  |
| Operating cash flow (\$, millions)             | (134)        | (211)        |          |         |
| TTM operating cash flow (\$, millions)         | 192          | 117          |          |         |
| TTM Digital revenue (\$, millions)             | 614          | 872          | 662      | 904     |
| Headcount                                      |              |              |          |         |
| Cost of Goods Sold                             | 207          | 196          |          |         |
| Marketing and Sales                            | 917          | 1,146        |          |         |
| General and Administrative                     | 973          | 1,032        |          |         |
| Research and Development                       | <u>5,723</u> | <u>6,313</u> |          |         |
| <b>Total</b>                                   | <b>7,820</b> | <b>8,687</b> |          |         |
| Headcount in low cost locations                | 22%          | 21%          |          |         |



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

Trailing Twelve Months

- Operating Cash Flow
- Capital Expenditures
- Free Cash Flow



<sup>1</sup> \$, in millions.

# Balance Sheet Highlights



Approximately \$4.52/share in cash and marketable securities

|  | Sep. 30,<br>2010 | Sep. 30,<br>2011 |
|--|------------------|------------------|
| Total Cash, Short-Term Investments, and Marketable Securities (\$, millions) | 1,657            | 1,499            |
| Debt, net (\$, millions) <sup>1</sup>  | —                | 529              |
| Inventories, net (\$, millions)  | 155              | 90               |
| Inventory Turns on a TTM   | 11               | 16               |
| Non-GAAP Days Sales Outstanding (DSO)  | 61               | 63               |
| Sales Returns and Allowances (SRA) as a percentage of:                       |                  |                  |
| Trailing six month non-GAAP revenue  | 11%              | 11%              |
| Trailing nine month non-GAAP revenue   | 7%               | 6%               |
| Quarter-to-date Shares Repurchased (millions)                                | —                | 4.7              |
| Quarter-to-date Share Repurchase Dollar Amount (\$, millions)                | —                | 98               |
| Life-to-date Shares Repurchased (millions)                                   | —                | 11.8             |
| Life-to-date Share Repurchase Dollar Amount (\$, millions)                   | —                | 247              |
| Remaining Authorization for Share Repurchase (\$, millions) <sup>2</sup>     | —                | 353              |

<sup>1</sup> EA completed its \$632.5 million 0.75% Convertible Senior Notes offering in July, 2011. The amount reflected above represents the carrying amount of the Notes, net of the unamortized discount. We expect to recognize approximately \$5 million per quarter related to the amortization of debt discount.

<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.

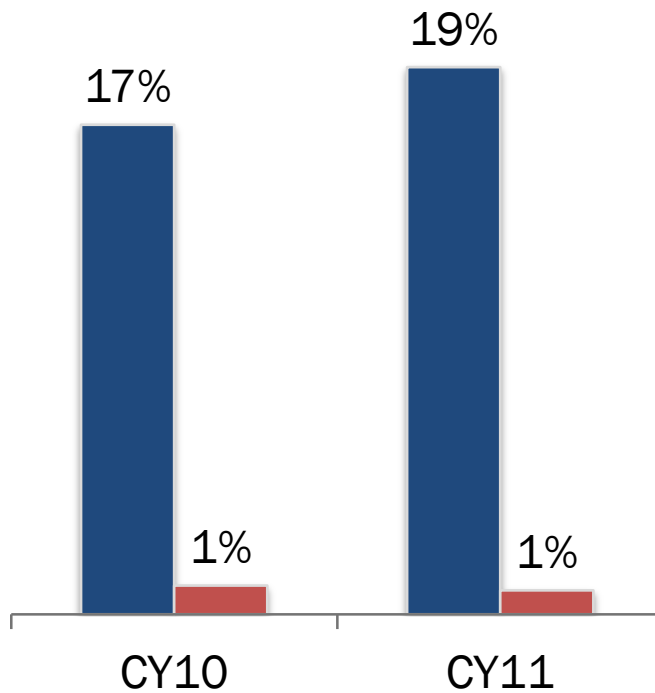
# EA Segment Share: Packaged Goods



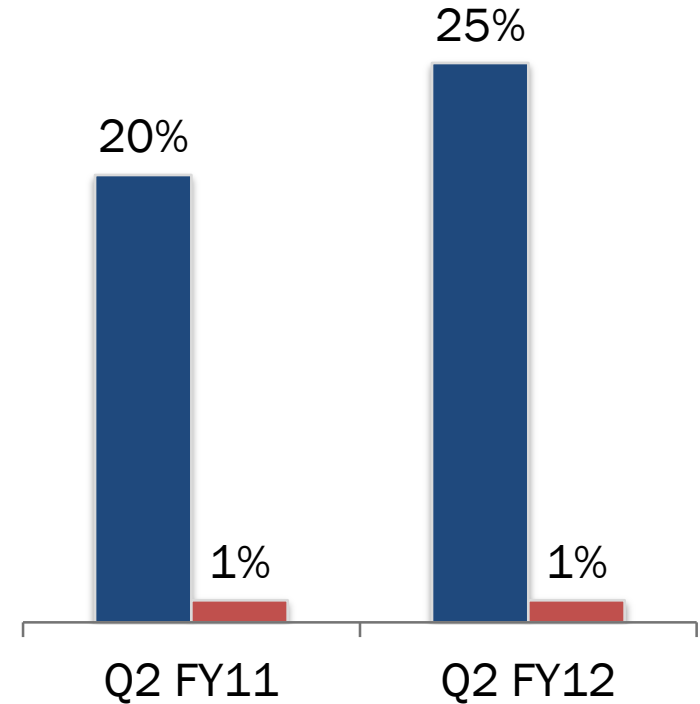
Western World (North America and Europe)

■ EA ex-Distribution  
■ Distribution

**Calendar Year to Date –  
September**



**Fiscal Quarters**



EA titles, ex-Distribution  
EA Distribution titles

15  
2

16  
2

7  
0

5  
0

# Packaged Goods: Catalogue



## Key Catalogue Titles

- **Q2 FY12**

- *Battlefield: Bad Company 2, FIFA 2011, The Sims 3*

- **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*

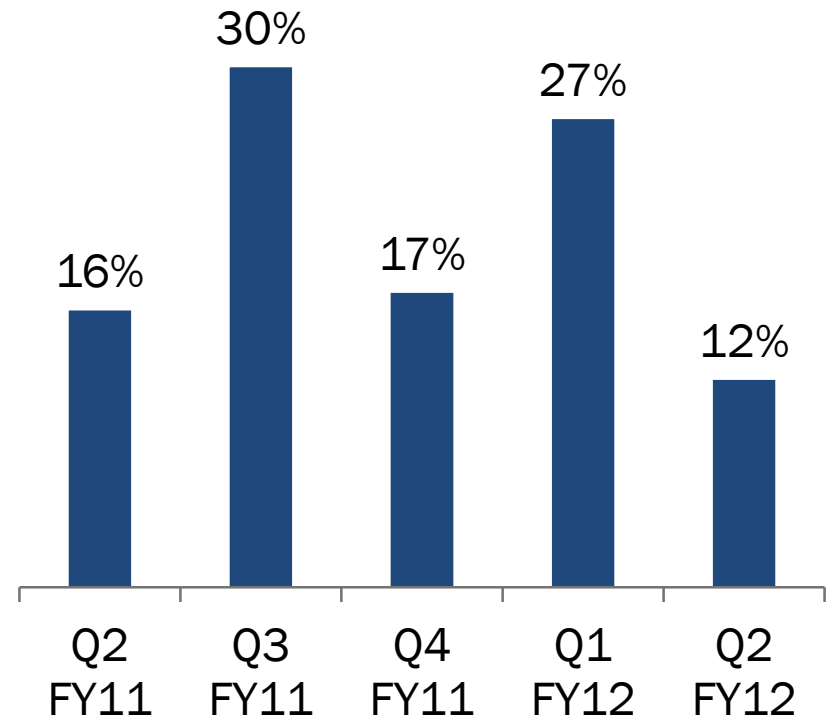
- **Q3 FY11**

- *FIFA 11, Madden NFL 11*

- **Q2 FY11**

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

## Non-GAAP Catalogue Revenue % of Total Revenue



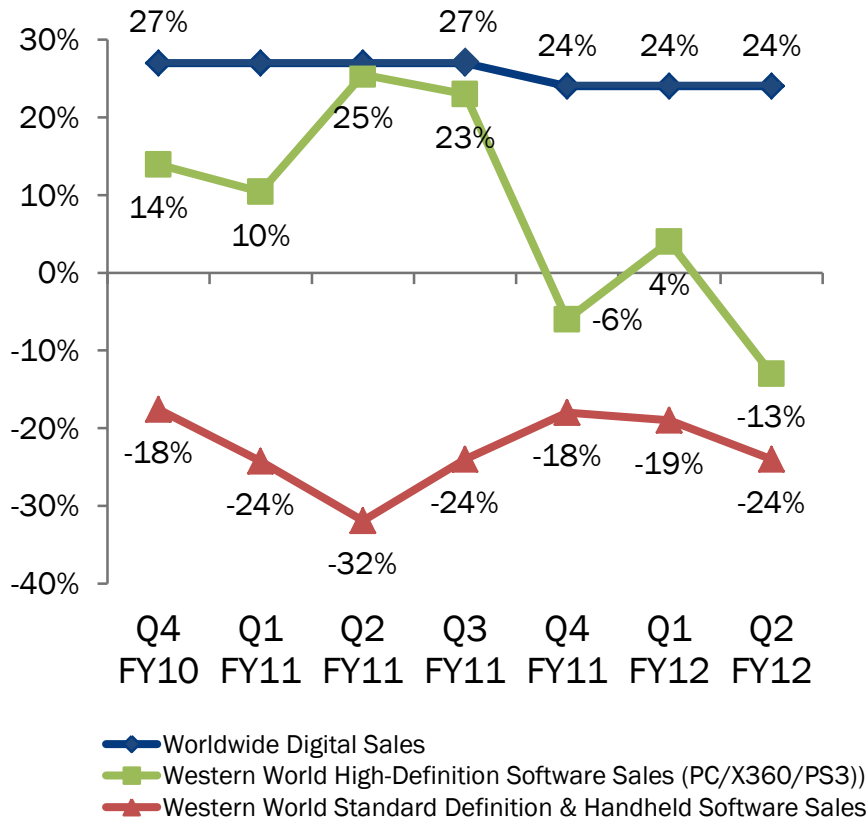


# Interactive Entertainment



## Growth from Digital and HD-Platforms Software

### Year-Over-Year Segment Growth



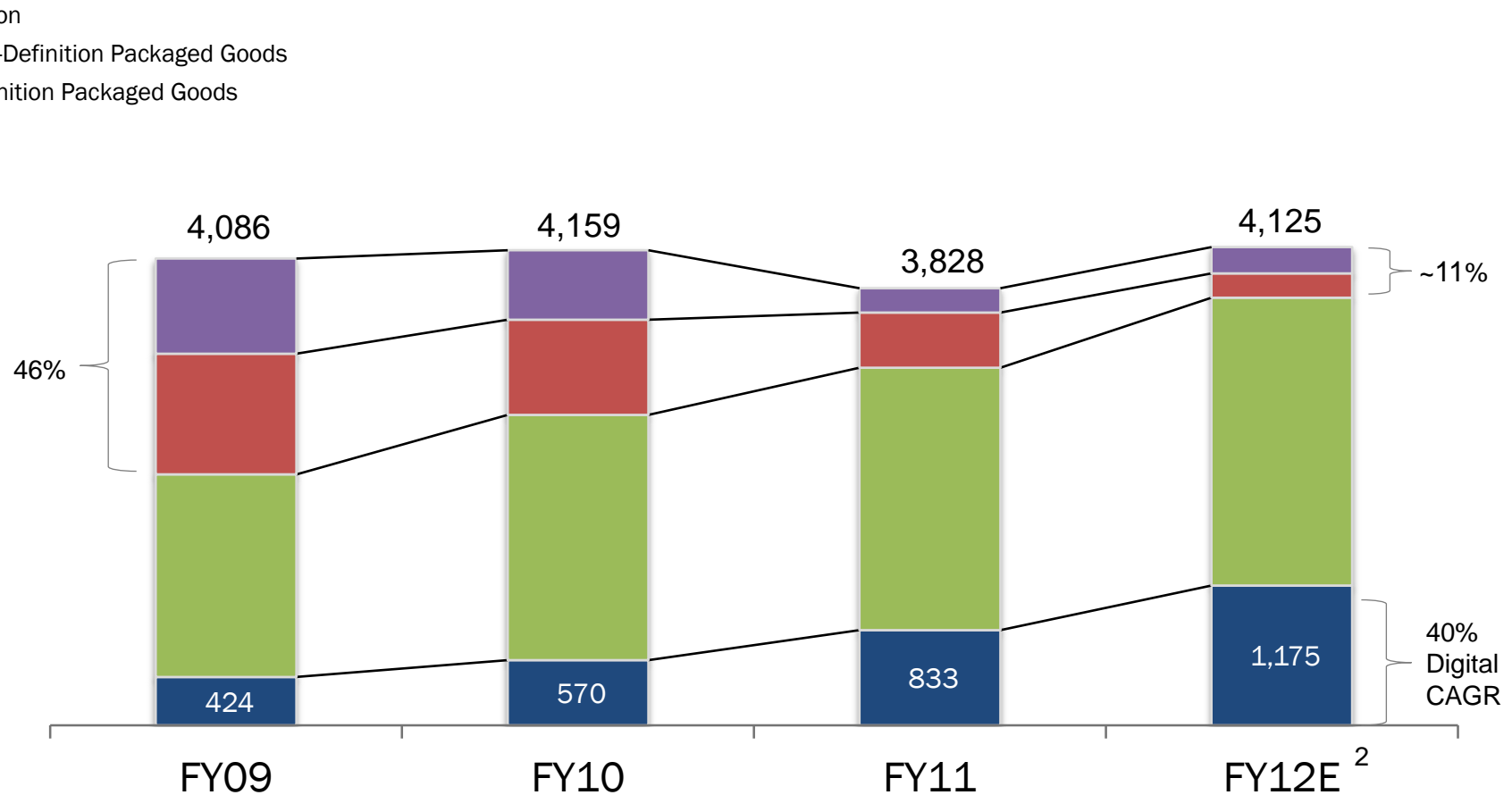
### Segment Performance Summary

- 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 High Definition Software Sales
    - Q2 FY12 down -13% year over year driven by tough title comparison against Q2 FY11

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



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



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

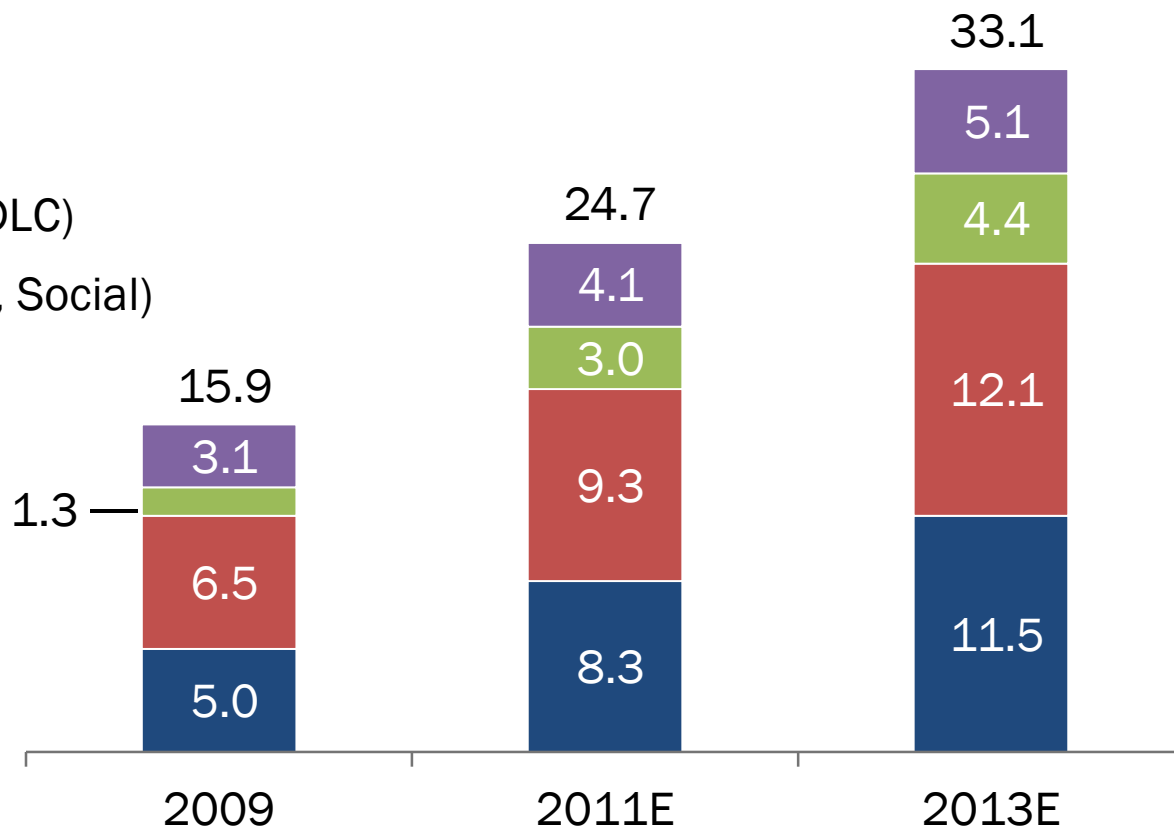
<sup>2</sup> At midpoint of non-GAAP FY12 Guidance. These forward-looking statements are valid as of October 27, 2011 only. Electronic Arts assumes no obligation and does not intend to update these forward-looking statements.



# Worldwide Digital Segment

(\$, billions) Calendar Year Basis

- Mobile, Handheld
- Console
- PC (MMO, Download, PDLC)
- PC (Free to Play, Casual, Social)

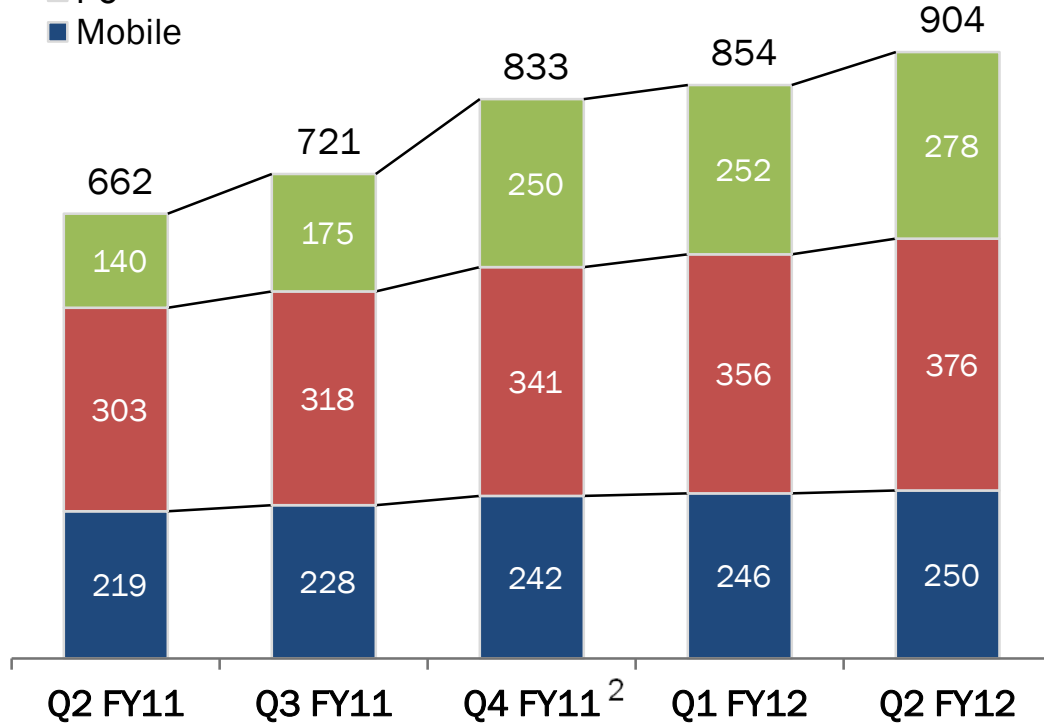


# EA Digital Revenue<sup>1</sup> by Platform



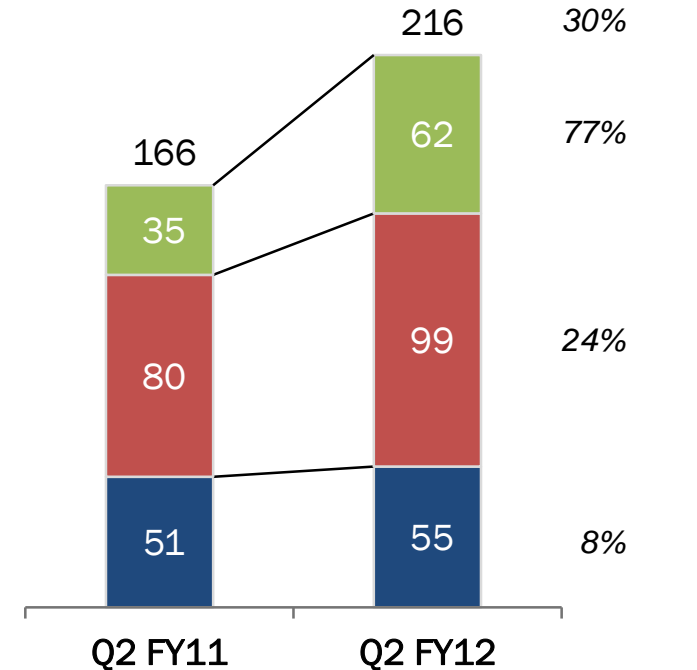
## Trailing Twelve Months

- Consoles
- PC
- Mobile



## Quarterly

- Consoles
- PC
- Mobile



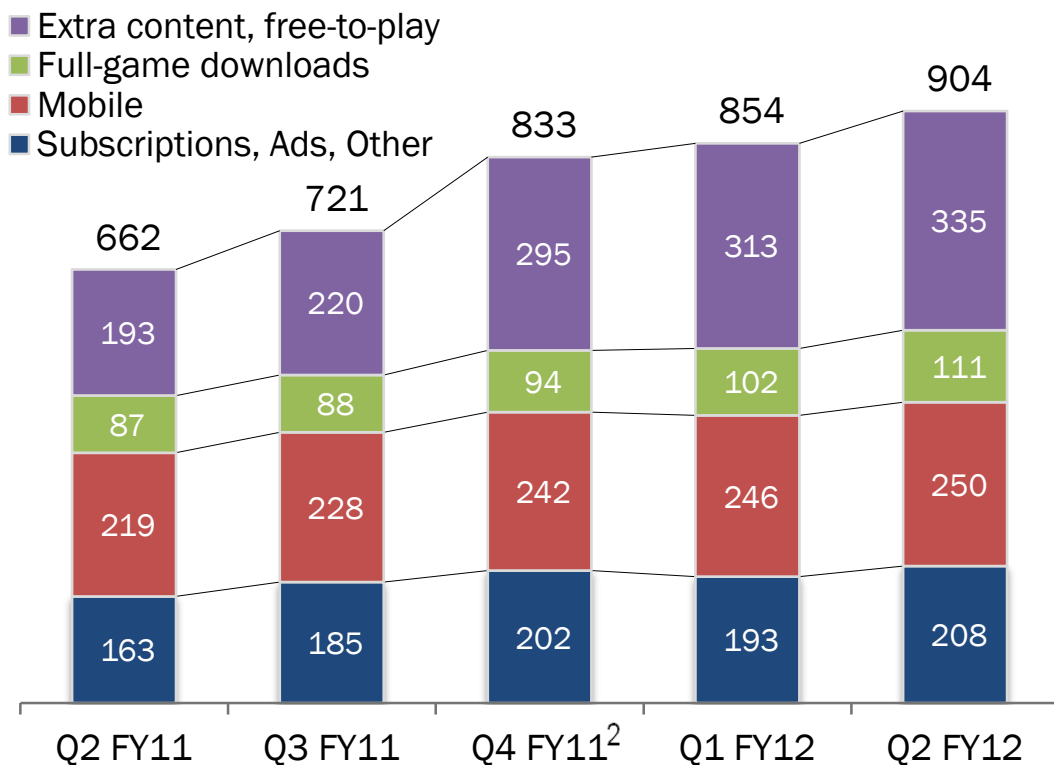
<sup>1</sup> In millions, on a non-GAAP basis. PC includes browser. Mobile includes handheld.

<sup>2</sup> Q4FY11 includes approximately \$27 million of digital revenue that the Company does not anticipate in future quarters.



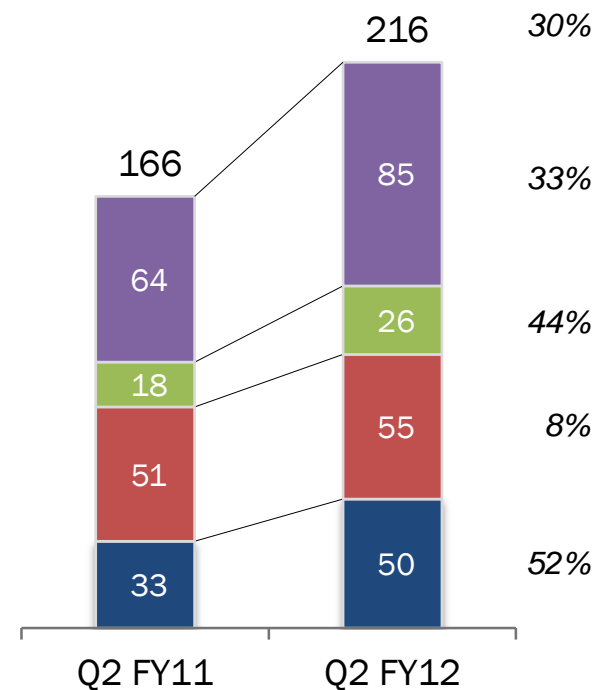
# EA Digital Revenue<sup>1</sup> by Type

## Trailing Twelve Months



## Quarterly

YOY Growth



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

<sup>2</sup> Q4FY11 includes approximately \$27 million of digital revenue that the Company does not anticipate in future quarters.

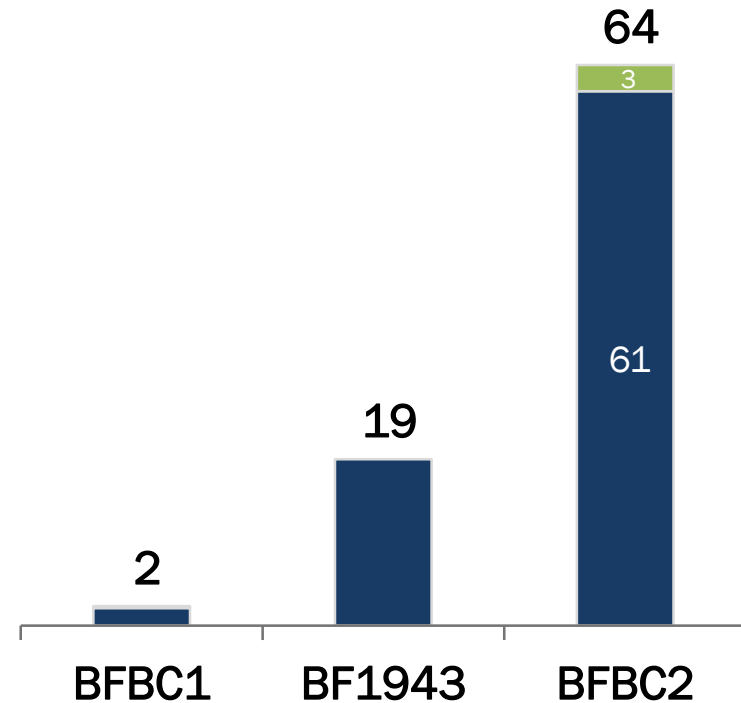
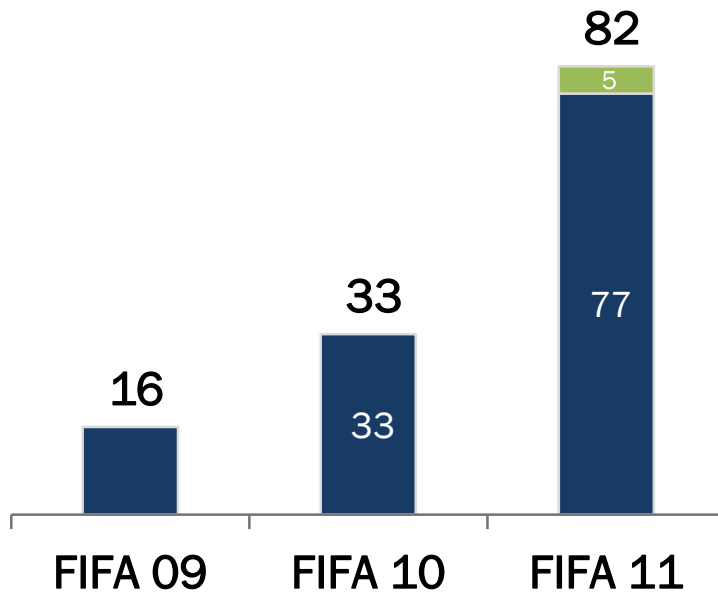
# EA Digital Revenue<sup>1</sup> by Title



## FIFA Digital Revenue

## Battlefield Digital Revenue

- Forecast, Through Q4FY12
- Actual Revenue, Through Q2FY12



<sup>1</sup> \$, in millions, non-GAAP, as of October 27, 2011, based on actual data through Q2FY12 and projected data through Q4FY12.

# Margin Structure

Trailing Twelve Months



|                                    | GAAP   |        | Non-GAAP |       |
|------------------------------------|--------|--------|----------|-------|
|                                    | FY11   | FY12   | FY11     | FY12  |
| Net revenue (\$, millions)         | 3,668  | 3,857  | 3,619    | 3,963 |
| Gross profit margin                | 58.1%  | 58.9%  | 57.8%    | 60.5% |
| Marketing and sales expense        | 18.5%  | 21.0%  | 18.3%    | 19.9% |
| General and administrative expense | 8.6%   | 8.1%   | 7.6%     | 7.0%  |
| Research and development expense   | 31.5%  | 31.2%  | 28.6%    | 27.7% |
| Operating income margin            | (4.9%) | (7.9%) | 3.3%     | 5.9%  |
| Net income margin                  | (4.3%) | (7.5%) | 2.4%     | 4.4%  |

# Convertible Debt Highlights



|   |               |
|---|---------------|
| Total Issuance Size <sup>(1)</sup> (\$, millions)                                 | 632.5         |
| Coupon  | 0.75%         |
| Conversion Premium / Price  | 35% / \$31.74 |
| Cost of Call Spread (\$, millions)  | 42.3          |
| Percentage of Total Issuance Size <sup>(2)</sup>                                  | 6.7%          |
| Effective Conversion Premium / Price with Call Spread                             | 75% / \$41.14 |
| Net Cash Proceeds from Convertible Debt Issuance <sup>(3)</sup><br>(\$, millions) | 574.7         |
| Maturity  | 5 years       |

Notes:

1. GAAP liability on balance sheet as of September 30, 2011 equals \$529 million. Balance sheet liability amount will accrete to \$632.5 million at maturity.
2. Call spread used to raise effective conversion premium to 75%. Cost of call spread equals purchase cost of bond hedge \$107.1 million less proceeds from issuance of warrants \$64.8 million.
3. Net cash proceeds from convertible debt issuance equal total issuance size \$632.5 million less issuance cost \$15.5 million and cost of call spread \$42.3 million.





# Guidance<sup>1</sup>

## Currency Assumptions

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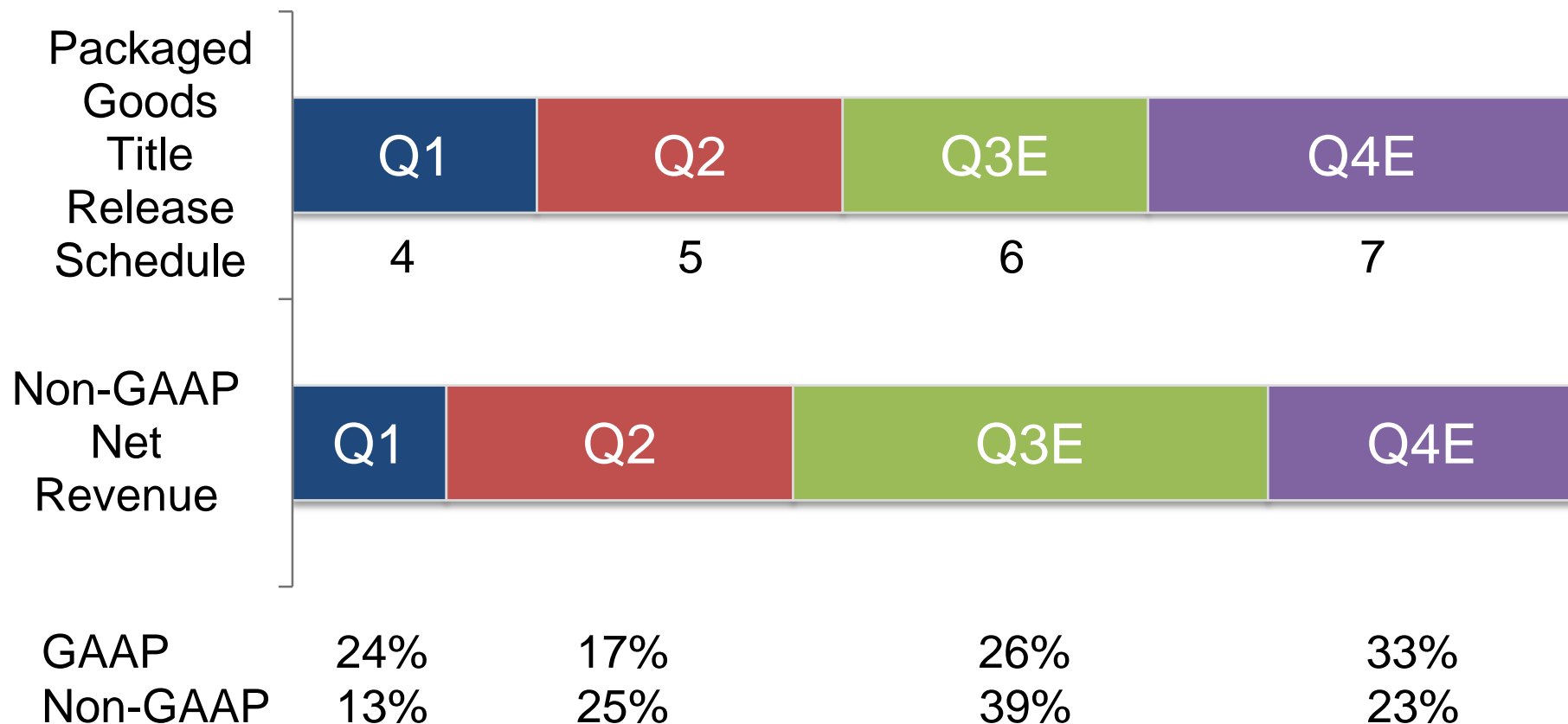
- **Exchange rates remain volatile**
- **Current guidance FX assumptions:**
  - \$1.36 USD/Euro
    - EPS decreases if the Euro weakens v. USD
  - \$0.98 USD/Canadian Dollar
    - R&D costs increase if the Canadian Dollar strengthens v. USD
  - \$1.57 USD/British Pound Sterling
    - EPS decreases if the British Pound Sterling weakens v. USD
- **Using spot exchange rates as of Oct. 26, 2011:**
  - Approximately \$0.01 upside for remainder of FY12 non-GAAP EPS
  - Approximately \$25 million benefit for remainder of FY12 non-GAAP net revenue

<sup>1</sup> These forward-looking statements are valid as of Oct. 27, 2011 only. Electronic Arts assumes no obligation and does not intend to update these forward-looking statements.



# 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 October 27, 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                      |                  |                  |
| Publishing and Other revenue | 2,650 to 2,750   | 2,650 to 2,750   |
| Distribution revenue         | 250              | 250              |
| Digital revenue              | 1,150 to 1,200   | 1,150 to 1,200   |
| Total Revenue                | 4,050 to 4,200   | 4,050 to 4,200   |
| Gross Profit Margin          | ~62%             | ~63%             |
| Operating Expense            | At least 2,450   | At least 2,200   |
| Tax Expense/(Benefit)        | ~ (10)           | 97 to 117        |
| Net Income                   | 51 to 121        | 250 to 301       |
| Earnings Per Share           | \$0.15 to \$0.36 | \$0.75 to \$0.90 |
| Diluted Shares (millions)    | 334              | 334              |
| Operating Cash Flow          | 250 to 300       | 250 to 300       |

All dollars in millions, except Earnings Per Share.

These forward-looking statements are valid as of October 27, 2011 only.

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# Guidance – Q3 FY12



Ending December 31, 2011

|                                 | <b>GAAP</b>          | <b>Non-GAAP</b>  |
|---------------------------------|----------------------|------------------|
| Net Revenue                     | 1,000 to 1,100       | 1,550 to 1,650   |
| Gross Profit Margin             | 47% to 49%           | ~67%             |
| Operating Expense               | ~715                 | ~650             |
| Tax Expense                     | 15                   | 110 to 123       |
| Net Income (Loss)               | (254) to (208)       | 284 to 317       |
| Earnings/(Loss) Per Share       | (\$0.77) to (\$0.63) | \$0.85 to \$0.95 |
| Basic/Diluted Shares (millions) | 330                  | 334              |

All dollars in millions, except Earnings Per Share.

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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 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 October 27, 2011, Electronic Arts has provided a reconciliation of the most comparable GAAP financial measure to the historical non-GAAP measures.

# Q2 FY12 Reconciliation



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

Three Months Ended September 30, 2011

|  | GAAP<br>Results | % of<br>Revenue | Acquisition-<br>related expenses | Amortization of<br>debt discount | Change in<br>Deferred Net<br>Revenue<br>(Packaged<br>Goods and<br>Digital Content) | Restructuring<br>charges | Stock-Based<br>Compensation          | Income Tax<br>Adjustments | Non-GAAP<br>Results | % of<br>Revenue |
|--|-----------------|-----------------|----------------------------------|----------------------------------|--|--------------------------|--------------------------------------|---------------------------|---------------------|-----------------|
| <b>Net revenue</b>   | <b>\$ 715</b>   |                 | <b>\$ -</b>                      | <b>\$ -</b>                      | <b>\$ 319</b>  | <b>\$ -</b>              | <b>\$ -</b>                          | <b>\$ -</b>               | <b>\$ 1,034</b>     |                 |
| Cost of goods sold   | 432             | 60.5%           | (8)                              | -                                | -  | -                        | -                                    | -                         | 424                 | 41.0%           |
| <b>Gross profit</b>  | <b>283</b>      | <b>39.6%</b>    | <b>8</b>                         | <b>-</b>                         | <b>319</b>   | <b>-</b>                 | <b>-</b>                             | <b>-</b>                  | <b>610</b>          | <b>59.0%</b>    |
| Operating expenses:  |                 |                 |                                  |                                  |  |                          |                                      |                           |                     |                 |
| Marketing and sales  | 222             | 31.0%           | -                                | -                                | -  | -                        | (6)                                  | -                         | 216                 | 20.9%           |
| General and administrative                                     | 88              | 12.3%           | -                                | -                                | -  | -                        | (9)                                  | -                         | 79                  | 7.7%            |
| Research and development                                       | 318             | 44.5%           | -                                | -                                | -  | -                        | (28)                                 | -                         | 290                 | 28.0%           |
| Acquisition-related contingent consideration                   | 17              | 2.4%            | (17)                             | -                                | -  | -                        | -                                    | -                         | -                   | -               |
| Amortization of intangibles                                    | 13              | 1.8%            | (13)                             | -                                | -  | -                        | -                                    | -                         | -                   | -               |
| Restructuring charges  | (1)             | -0.1%           | -                                | -                                | -  | 1                        | -                                    | -                         | -                   | -               |
| Total operating expenses                                       | 657             | 91.9%           | (30)                             | -                                | -  | 1                        | (43)                                 | -                         | 585                 | 56.6%           |
| <b>Operating income (loss)</b>                                 | <b>(374)</b>    | <b>-52.3%</b>   | <b>38</b>                        | <b>-</b>                         | <b>319</b>   | <b>(1)</b>               | <b>43</b>                            | <b>-</b>                  | <b>25</b>           | <b>2.4%</b>     |
| Interest and other income, net                                 | (6)             | -0.8%           | -                                | 4                                | -  | -                        | -                                    | -                         | (2)                 | -0.2%           |
| Income (loss) before provision for (benefit from) income taxes | (380)           | -53.1%          | 38                               | 4                                | 319  | (1)                      | 43                                   | -                         | 23                  | 2.2%            |
| Provision for (benefit from) income taxes                      | (40)            | -5.5%           | -                                | -                                | -  | -                        | -                                    | 46                        | 6                   | 0.6%            |
| <b>Net income (loss)</b>                                       | <b>\$ (340)</b> | <b>-47.6%</b>   | <b>\$ 38</b>                     | <b>\$ 4</b>                      | <b>\$ 319</b>  | <b>\$ (1)</b>            | <b>\$ 43</b>                         | <b>\$ (46)</b>            | <b>\$ 17</b>        | <b>1.6%</b>     |
| <b>Losses per share</b>  |                 |                 |                                  |                                  |  |                          | <b>Earnings per share</b>            |                           |                     |                 |
| Basic and diluted  | \$ (1.03)       |                 |                                  |                                  |  |                          | Basic                                |                           | \$ 0.05             |                 |
|  |                 |                 |                                  |                                  |  |                          | Diluted                              |                           | \$ 0.05             |                 |
| Number of shares used in computation                           |                 |                 |                                  |                                  |  |                          | Number of shares used in computation |                           |                     |                 |
| Basic and diluted  | 331             |                 |                                  |                                  |  |                          | Basic                                |                           | 331                 |                 |
|  |                 |                 |                                  |                                  |  |                          | Diluted                              |                           | 337                 |                 |

# Q2 FY11 Reconciliation



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

Three Months Ended September 30, 2010

|  | GAAP<br>Results | % of Revenue  | Acquisition-<br>related expenses | Change in<br>Deferred Net<br>Revenue<br>(Packaged<br>Goods and<br>Digital Content) | Loss on<br>Licensed<br>Intellectual<br>Property<br>Commitment<br>(COGS) | Gain on Strategic<br>Investments | Restructuring<br>Charges | Stock-Based<br>Compensation          | Income Tax<br>Adjustments | Non-GAAP<br>Results | % of Revenue |
|--|-----------------|---------------|----------------------------------|--|---|----------------------------------|--------------------------|--------------------------------------|---------------------------|---------------------|--------------|
| <b>Net revenue</b>   | <b>\$ 631</b>   |               | \$ -                             | \$ 253   | \$ -  | \$ -                             | \$ -                     | \$ -                                 | \$ -                      | <b>\$ 884</b>       |              |
| Cost of goods sold   | 363             | 57.5%         | (3)                              | -  | 1   | -                                | -                        | -                                    | -                         | 361                 | 40.8%        |
| <b>Gross profit</b>  | <b>268</b>      | <b>42.5%</b>  | <b>3</b>                         | <b>253</b>   | <b>(1)</b>  | <b>-</b>                         | <b>-</b>                 | <b>-</b>                             | <b>-</b>                  | <b>523</b>          | <b>59.2%</b> |
| <b>Operating expenses:</b>                                     |                 |               |                                  |  |   |                                  |                          |                                      |                           |                     |              |
| Marketing and sales  | 173             | 27.4%         | -                                | -  | -   | -                                | -                        | (6)                                  | -                         | 167                 | 18.9%        |
| General and administrative                                     | 77              | 12.2%         | -                                | -  | -   | -                                | -                        | (10)                                 | -                         | 67                  | 7.6%         |
| Research and development                                       | 277             | 43.8%         | -                                | -  | -   | -                                | -                        | (27)                                 | -                         | 250                 | 28.3%        |
| Acquisition-related contingent consideration                   | (28)            | -4.4%         | 28                               | -  | -   | -                                | -                        | -                                    | -                         | -                   | -            |
| Amortization of intangibles                                    | 15              | 2.4%          | (15)                             | -  | -   | -                                | -                        | -                                    | -                         | -                   | -            |
| Restructuring charges  | 6               | 1.0%          | -                                | -  | -   | -                                | (6)                      | -                                    | -                         | -                   | -            |
| Total operating expenses                                       | 520             | 82.4%         | 13                               | -  | -   | -                                | (6)                      | (43)                                 | -                         | 484                 | 54.8%        |
| <b>Operating income (loss)</b>                                 | <b>(252)</b>    | <b>-39.9%</b> | <b>(10)</b>                      | <b>253</b>   | <b>(1)</b>  | <b>-</b>                         | <b>6</b>                 | <b>43</b>                            | <b>-</b>                  | <b>39</b>           | <b>4.4%</b>  |
| Gain on strategic investments                                  | 28              | 4.4%          | -                                | -  | -   | (28)                             | -                        | -                                    | -                         | -                   | -            |
| Interest and other income, net                                 | 6               | 1.0%          | -                                | -  | -   | -                                | -                        | -                                    | -                         | 6                   | 0.7%         |
| Income (loss) before provision for (benefit from) income taxes | (218)           | -34.5%        | (10)                             | 253  | (1)   | (28)                             | 6                        | 43                                   | -                         | 45                  | 5.1%         |
| Provision for (benefit from) income taxes                      | (17)            | -2.6%         | -                                | -  | -   | -                                | -                        | -                                    | 30                        | 13                  | 1.5%         |
| <b>Net income (loss)</b>                                       | <b>\$ (201)</b> | <b>-31.9%</b> | <b>\$ (10)</b>                   | <b>\$ 253</b>  | <b>\$ (1)</b>   | <b>\$ (28)</b>                   | <b>\$ 6</b>              | <b>\$ 43</b>                         | <b>\$ (30)</b>            | <b>\$ 32</b>        | <b>3.6%</b>  |
| <b>Loss per share</b>  |                 |               |                                  |  |   |                                  |                          |                                      |                           |                     |              |
| Basic and diluted  | \$ (0.61)       |               |                                  |  |   |                                  |                          |                                      |                           |                     |              |
|  |                 |               |                                  |  |   |                                  |                          | <b>Earnings per share</b>            |                           |                     |              |
|  |                 |               |                                  |  |   |                                  |                          | Basic                                |                           | \$ 0.10             |              |
|  |                 |               |                                  |  |   |                                  |                          | Diluted                              |                           | \$ 0.10             |              |
| Number of shares used in computation                           |                 |               |                                  |  |   |                                  |                          |                                      |                           |                     |              |
| Basic and diluted  | 329             |               |                                  |  |   |                                  |                          |                                      |                           |                     |              |
|  |                 |               |                                  |  |   |                                  |                          | Number of shares used in computation |                           |                     |              |
|  |                 |               |                                  |  |   |                                  |                          | Basic                                |                           | 329                 |              |
|  |                 |               |                                  |  |   |                                  |                          | Diluted                              |                           | 333                 |              |



# Q2 FY12 YTD Reconciliation



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

Six Months Ended September 30, 2011

|  | GAAP<br>Results | % of<br>Revenue | Acquisition-<br>related expenses | Amortization of<br>Debt Discount | Change in<br>Deferred Net<br>Revenue<br>(Packaged<br>Goods and<br>Digital Content) | Restructuring<br>charges | Stock-Based<br>Compensation          | Income Tax<br>Adjustments | Non-GAAP<br>Results | % of<br>Revenue |
|--|-----------------|-----------------|----------------------------------|----------------------------------|--|--------------------------|--------------------------------------|---------------------------|---------------------|-----------------|
| <b>Net revenue</b>                           | <b>\$ 1,714</b> |                 | \$ -                             | \$ -                             | \$ (156)   | \$ -                     | \$ -                                 | \$ -                      | <b>\$ 1,558</b>     |                 |
| Cost of goods sold                           | 672             | 39.2%           | (11)                             | -                                | -  | -                        | (1)                                  | -                         | 660                 | 42.3%           |
| <b>Gross profit</b>                          | <b>1,042</b>    | <b>60.8%</b>    | <b>11</b>                        | <b>-</b>                         | <b>(156)</b>   | <b>-</b>                 | <b>1</b>                             | <b>-</b>                  | <b>898</b>          | <b>57.6%</b>    |
| Operating expenses:                          |                 |                 |                                  |                                  |  |                          |                                      |                           |                     |                 |
| Marketing and sales                          | 362             | 21.1%           | -                                | -                                | -  | -                        | (11)                                 | -                         | 351                 | 22.5%           |
| General and administrative                   | 162             | 9.5%            | -                                | -                                | -  | -                        | (18)                                 | -                         | 144                 | 9.3%            |
| Research and development                     | 603             | 35.2%           | -                                | -                                | -  | -                        | (51)                                 | -                         | 552                 | 35.4%           |
| Acquisition-related contingent consideration | 19              | 1.1%            | (19)                             | -                                | -  | -                        | -                                    | -                         | -                   | -               |
| Amortization of intangibles                  | 26              | 1.5%            | (26)                             | -                                | -  | -                        | -                                    | -                         | -                   | -               |
| Restructuring charges                        | 17              | 1.0%            | -                                | -                                | -  | (17)                     | -                                    | -                         | -                   | -               |
| Total operating expenses                     | 1,189           | 69.4%           | (45)                             | -                                | -  | (17)                     | (80)                                 | -                         | 1,047               | 67.2%           |
| <b>Operating loss</b>                        | <b>(147)</b>    | <b>-8.6%</b>    | <b>56</b>                        | <b>-</b>                         | <b>(156)</b>   | <b>17</b>                | <b>81</b>                            | <b>-</b>                  | <b>(149)</b>        | <b>-9.6%</b>    |
| Interest and other income (expense), net     | (3)             | -0.2%           | -                                | 4                                | -  | -                        | -                                    | -                         | 1                   | 0.1%            |
| Loss before benefit from income taxes        | (150)           | -8.8%           | 56                               | 4                                | (156)  | 17                       | 81                                   | -                         | (148)               | -9.5%           |
| Benefit from income taxes                    | (31)            | -1.9%           | -                                | -                                | -  | -                        | -                                    | (11)                      | (42)                | -2.7%           |
| <b>Net loss</b>                              | <b>\$ (119)</b> | <b>-6.9%</b>    | <b>\$ 56</b>                     | <b>\$ 4</b>                      | <b>\$ (156)</b>  | <b>\$ 17</b>             | <b>\$ 81</b>                         | <b>\$ 11</b>              | <b>\$ (106)</b>     | <b>-6.8%</b>    |
| <b>Loss per share</b>                        |                 |                 |                                  |                                  |  |                          | <b>Loss per share</b>                |                           |                     |                 |
| Basic and diluted                            | \$ (0.36)       |                 |                                  |                                  |  |                          | Basic and diluted                    |                           | \$ (0.32)           |                 |
| Number of shares used in computation         |                 |                 |                                  |                                  |  |                          | Number of shares used in computation |                           |                     |                 |
| Basic and diluted                            | 331             |                 |                                  |                                  |  |                          | Basic and diluted                    |                           | 331                 |                 |

# Q2 FY11 YTD Reconciliation



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

Six Months Ended September 30, 2010

|  | GAAP<br>Results | % of<br>Revenue | Acquisition-<br>related expenses | Change in<br>Deferred Net<br>Revenue<br>(Packaged<br>Goods and<br>Digital Content) | Loss on licensed<br>intellectual<br>property<br>commitment<br>(COGS) | Gain on Strategic<br>Investments | Restructuring<br>Charges | Stock-Based<br>Compensation          | Income Tax<br>Adjustments | Non-GAAP<br>Results | % of<br>Revenue |
|--|-----------------|-----------------|----------------------------------|--|--|----------------------------------|--------------------------|--------------------------------------|---------------------------|---------------------|-----------------|
| <b>Net revenue</b>                           | <b>\$ 1,446</b> |                 | \$ -                             | \$ (23)  | \$ -   | \$ -                             | \$ -                     | \$ -                                 | \$ -                      | <b>\$ 1,423</b>     |                 |
| Cost of goods sold                           | 585             | 40.5%           | (6)                              | -  | 1  | -                                | -                        | (1)                                  | -                         | 579                 | 40.7%           |
| <b>Gross profit</b>                          | <b>861</b>      | <b>59.5%</b>    | <b>(6)</b>                       | <b>(23)</b>  | <b>(1)</b>   | <b>-</b>                         | <b>-</b>                 | <b>1</b>                             | <b>-</b>                  | <b>844</b>          | <b>59.3%</b>    |
| Operating expenses:                          |                 |                 |                                  |  |  |                                  |                          |                                      |                           |                     |                 |
| Marketing and sales                          | 300             | 20.7%           | -                                | -  | -  | -                                | -                        | (10)                                 | -                         | 290                 | 20.4%           |
| General and administrative                   | 151             | 10.4%           | -                                | -  | -  | -                                | -                        | (22)                                 | -                         | 129                 | 9.1%            |
| Research and development                     | 552             | 38.2%           | -                                | -  | -  | -                                | -                        | (57)                                 | -                         | 495                 | 34.7%           |
| Acquisition-related contingent consideration | (26)            | -1.8%           | 26                               | -  | -  | -                                | -                        | -                                    | -                         | -                   | -               |
| Amortization of intangibles                  | 30              | 2.1%            | (30)                             | -  | -  | -                                | -                        | -                                    | -                         | -                   | -               |
| Restructuring charges                        | 8               | 0.6%            | -                                | -  | -  | -                                | (8)                      | -                                    | -                         | -                   | -               |
| Total operating expenses                     | 1,015           | 70.2%           | (4)                              | -  | -  | -                                | (8)                      | (89)                                 | -                         | 914                 | 64.2%           |
| <b>Operating loss</b>                        | <b>(154)</b>    | <b>-10.7%</b>   | <b>10</b>                        | <b>(23)</b>  | <b>(1)</b>   | <b>-</b>                         | <b>8</b>                 | <b>90</b>                            | <b>-</b>                  | <b>(70)</b>         | <b>-4.9%</b>    |
| Gain on strategic investments                | 23              | 1.6%            | -                                | -  | -  | (23)                             | -                        | -                                    | -                         | -                   | -               |
| Interest and other income, net               | 6               | 0.4%            | -                                | -  | -  | -                                | -                        | -                                    | -                         | 6                   | 0.4%            |
| Loss before benefit from income taxes        | (125)           | -8.7%           | 10                               | (23)   | (1)  | (23)                             | 8                        | 90                                   | -                         | (64)                | -4.5%           |
| Benefit from income taxes                    | (20)            | -1.4%           | -                                | -  | -  | -                                | -                        | -                                    | 2                         | (18)                | -1.3%           |
| <b>Net loss</b>                              | <b>\$ (105)</b> | <b>-7.3%</b>    | <b>\$ 10</b>                     | <b>\$ (23)</b>   | <b>\$ (1)</b>  | <b>\$ (23)</b>                   | <b>\$ 8</b>              | <b>\$ 90</b>                         | <b>\$ (2)</b>             | <b>\$ (46)</b>      | <b>-3.2%</b>    |
| <b>Loss per share</b>                        |                 |                 |                                  |  |  |                                  |                          | <b>Loss per share</b>                |                           |                     |                 |
| Basic and diluted                            | \$ (0.32)       |                 |                                  |  |  |                                  |                          | Basic and diluted                    |                           | \$ (0.14)           |                 |
| Number of shares used in computation         |                 |                 |                                  |  |  |                                  |                          | Number of shares used in computation |                           |                     |                 |
| Basic and diluted                            | 328             |                 |                                  |  |  |                                  |                          | Basic and diluted                    |                           | 328                 |                 |

# TTM Q2 FY12 Reconciliation



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

Trailing Twelve Months Ended September 30, 2011

|  | GAAP<br>Results | % of<br>Revenue | Acquisition-<br>related expenses | Amortization of<br>Debt Discount | Change in<br>Deferred Net<br>Revenue<br>(Packaged<br>Goods and<br>Digital Content) | Restructuring<br>charges | Stock-Based<br>Compensation | Income Tax<br>Adjustments | Non-GAAP<br>Results | % of<br>Revenue |
|--|-----------------|-----------------|----------------------------------|----------------------------------|--|--------------------------|-----------------------------|---------------------------|---------------------|-----------------|
| <b>Net revenue</b>   | <b>\$ 3,857</b> |                 | \$ -                             | \$ -                             | \$ 106   | \$ -                     | \$ -                        | \$ -                      | <b>\$ 3,963</b>     |                 |
| Cost of goods sold   | 1,586           | 41.1%           | (17)                             | -                                | -  | -                        | (2)                         | -                         | 1,567               | 39.5%           |
| <b>Gross profit</b>  | <b>2,271</b>    | <b>58.9%</b>    | <b>17</b>                        | <b>-</b>                         | <b>106</b>   | <b>-</b>                 | <b>2</b>                    | <b>-</b>                  | <b>2,396</b>        | <b>60.5%</b>    |
| Operating expenses:  |                 |                 |                                  |                                  |  |                          |                             |                           |                     |                 |
| Marketing and sales  | 809             | 21.0%           | -                                | -                                | -  | -                        | (22)                        | -                         | 787                 | 19.9%           |
| General and administrative                                     | 312             | 8.1%            | -                                | -                                | -  | -                        | (36)                        | -                         | 276                 | 7.0%            |
| Research and development                                       | 1,204           | 31.2%           | -                                | -                                | -  | -                        | (105)                       | -                         | 1,099               | 27.7%           |
| Acquisition-related contingent consideration                   | 28              | 0.7%            | (28)                             | -                                | -  | -                        | -                           | -                         | -                   | -               |
| Amortization of intangibles                                    | 53              | 1.4%            | (53)                             | -                                | -  | -                        | -                           | -                         | -                   | -               |
| Restructuring charges  | 170             | 4.4%            | -                                | -                                | -  | (170)                    | -                           | -                         | -                   | -               |
| Total operating expenses                                       | 2,576           | 66.8%           | (81)                             | -                                | -  | (170)                    | (163)                       | -                         | 2,162               | 54.6%           |
| <b>Operating income (loss)</b>                                 | <b>(305)</b>    | <b>-7.9%</b>    | <b>98</b>                        | <b>-</b>                         | <b>106</b>   | <b>170</b>               | <b>165</b>                  | <b>-</b>                  | <b>234</b>          | <b>5.9%</b>     |
| Interest and other income, net                                 | 1               | -               | -                                | 4                                | -  | -                        | -                           | -                         | 5                   | 0.1%            |
| Income (loss) before provision for (benefit from) income taxes | (304)           | -7.9%           | 98                               | 4                                | 106  | 170                      | 165                         | -                         | 239                 | 6.0%            |
| Provision for (benefit from) income taxes                      | (14)            | -0.4%           | -                                | -                                | -  | -                        | -                           | 80                        | 66                  | 1.6%            |
| <b>Net income (loss)</b>                                       | <b>\$ (290)</b> | <b>-7.5%</b>    | <b>\$ 98</b>                     | <b>\$ 4</b>                      | <b>\$ 106</b>  | <b>\$ 170</b>            | <b>\$ 165</b>               | <b>\$ (80)</b>            | <b>\$ 173</b>       | <b>4.4%</b>     |
| Loss per share   |                 |                 |                                  |                                  |  |                          | Earnings per share          |                           |                     |                 |
| Basic and diluted  | \$ (0.89)       |                 |                                  |                                  |  |                          | Diluted                     |                           | \$ 0.52             |                 |

# TTM Q2 FY11 Reconciliation



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

Trailing Twelve Months Ended September 30, 2010

|   | GAAP<br>Results | % of<br>Revenue | Acquisition-<br>related expenses | Change in<br>Deferred Net<br>Revenue<br>(Packaged<br>Goods and<br>Digital Content) | Loss on licensed<br>intellectual<br>property<br>commitment<br>(COGS) | Gain on Strategic<br>Investments | Restructuring<br>Charges | Stock-Based<br>Compensation | Income Tax<br>Adjustments | Non-GAAP<br>Results | % of<br>Revenue |
|---|-----------------|-----------------|----------------------------------|--|--|----------------------------------|--------------------------|-----------------------------|---------------------------|---------------------|-----------------|
| <b>Net revenue</b>                              | <b>\$ 3,668</b> |                 | \$ -                             | \$ (49)  | \$ -   | \$ -                             | \$ -                     | \$ -                        | \$ -                      | <b>\$ 3,619</b>     |                 |
| Cost of goods sold                              | 1,537           | 41.9%           | (10)                             | -  | 2  | -                                | -                        | (2)                         | -                         | 1,527               | 42.2%           |
| <b>Gross profit</b>                             | <b>2,131</b>    | <b>58.1%</b>    | <b>10</b>                        | <b>(49)</b>  | <b>(2)</b>   | <b>-</b>                         | <b>-</b>                 | <b>2</b>                    | <b>-</b>                  | <b>2,092</b>        | <b>57.8%</b>    |
| Operating expenses:                             |                 |                 |                                  |  |  |                                  |                          |                             |                           |                     |                 |
| Marketing and sales                             | 679             | 18.5%           | -                                | -  | -  | -                                | -                        | (18)                        | -                         | 661                 | 18.3%           |
| General and administrative                      | 314             | 8.6%            | -                                | -  | -  | -                                | -                        | (40)                        | -                         | 274                 | 7.6%            |
| Research and development                        | 1,153           | 31.5%           | -                                | -  | -  | -                                | -                        | (114)                       | -                         | 1,039               | 28.6%           |
| Acquisition-related contingent consideration    | (24)            | -0.7%           | 24                               | -  | -  | -                                | -                        | -                           | -                         | -                   | -               |
| Amortization of intangibles                     | 59              | 1.6%            | (59)                             | -  | -  | -                                | -                        | -                           | -                         | -                   | -               |
| Restructuring charges                           | 128             | 3.5%            | -                                | -  | -  | -                                | (128)                    | -                           | -                         | -                   | -               |
| Total operating expenses                        | 2,309           | 63.0%           | (35)                             | -  | -  | -                                | (128)                    | (172)                       | -                         | 1,974               | 54.5%           |
| <b>Operating income (loss)</b>                  | <b>(178)</b>    | <b>-4.9%</b>    | <b>45</b>                        | <b>(49)</b>  | <b>(2)</b>   | <b>-</b>                         | <b>128</b>               | <b>174</b>                  | <b>-</b>                  | <b>118</b>          | <b>3.3%</b>     |
| Gain on strategic investments                   | 21              | 0.6%            | -                                | -  | -  | (21)                             | -                        | -                           | -                         | -                   | -               |
| Interest and other income, net                  | 2               | 0.1%            | -                                | -  | -  | -                                | -                        | -                           | -                         | 2                   | -               |
| Income (loss) before provision for income taxes | (155)           | -4.2%           | 45                               | (49)   | (2)  | (21)                             | 128                      | 174                         | -                         | 120                 | 3.3%            |
| Provision for income taxes                      | 2               | 0.1%            | -                                | -  | -  | -                                | -                        | -                           | 32                        | 34                  | 0.9%            |
| <b>Net income (loss)</b>                        | <b>\$ (157)</b> | <b>-4.3%</b>    | <b>\$ 45</b>                     | <b>\$ (49)</b>   | <b>\$ (2)</b>  | <b>\$ (21)</b>                   | <b>\$ 128</b>            | <b>\$ 174</b>               | <b>\$ (32)</b>            | <b>\$ 86</b>        | <b>2.4%</b>     |
| Loss per share                                  |                 |                 |                                  |  |  |                                  |                          | Earnings per share          |                           |                     |                 |
| Basic and diluted                               | \$ (0.48)       |                 |                                  |  |  |                                  |                          | Diluted                     |                           | \$ 0.26             |                 |

# Q3 FY12 Guidance Reconciliation



The following table provides a reconciliation of the non-GAAP financial measures regarding Electronic Arts' Q3 FY12 Guidance to the nearest comparable GAAP financial measures. These are preliminary estimates and expectations based on current information as of October 27, 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<br/>Guidance</u> | <u>Acquisition-<br/>related<br/>expenses</u> | <u>Change in<br/>Deferred Net<br/>Revenue<br/>(Packaged<br/>Goods and<br/>Digital Content)</u> | <u>Amortization<br/>of Debt<br/>Discount</u> | <u>Restructuring</u> | <u>Stock-Based<br/>Compensation</u> | <u>Tax<br/>Adjustments</u> | <u>Non-GAAP<br/>Guidance</u> |
|--------------------------------------|--------------------------|--|--|--|----------------------|-------------------------------------|----------------------------|------------------------------|
| <b>Low end of Q3 guidance range</b>  |                          |  |  |  |                      |                                     |                            |                              |
| Net Revenue                          | 1,000                    |  | 550  |  |                      |                                     |                            | 1,550                        |
| Approximate Gross Margin %           | 47%                      | ~1.5%  | ~18.5%   |  |                      |                                     |                            | 67%                          |
| Approximate Operating Expense        | 715                      | (10)   |  |  | (4)                  | (50)                                |                            | 650                          |
| Approximate Tax Expense (Benefit)    | 15                       |  |  |  |                      |                                     | 95                         | 110                          |
| Net Income (Loss)                    | (254)                    | 25   | 550  | 5  | 4                    | 50                                  | (95)                       | 284                          |
| Earnings (Loss) Per Share            | \$ (0.77)                |  |  |  |                      |                                     |                            | \$ 0.85                      |
| Diluted shares (Basic for Loss)      | 330                      |  |  |  |                      |                                     |                            | 334                          |
| <b>High end of Q3 guidance range</b> |                          |  |  |  |                      |                                     |                            |                              |
| Net Revenue                          | 1,100                    |  | 550  |  |                      |                                     |                            | 1,650                        |
| Approximate Gross Margin %           | 49%                      | ~1.5%  | ~16.5%   |  |                      |                                     |                            | 67%                          |
| Approximate Operating Expense        | 715                      | (10)   |  |  | (4)                  | (50)                                |                            | 650                          |
| Approximate Tax Expense (Benefit)    | 15                       |  |  |  |                      |                                     | 108                        | 123                          |
| Net Income (Loss)                    | (208)                    | 25   | 550  | 5  | 4                    | 50                                  | (108)                      | 317                          |
| Earnings (Loss) Per Share            | \$ (0.63)                |  |  |  |                      |                                     |                            | \$ 0.95                      |
| Diluted shares (Basic for Loss)      | 330                      |  |  |  |                      |                                     |                            | 334                          |

# 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 October 27, 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<br/>Guidance</u> | <u>Acquisition-<br/>related<br/>expenses</u> | <u>Change in<br/>Deferred Net<br/>Revenue<br/>(Packaged<br/>Goods and<br/>Digital Content)</u> | <u>Amortization<br/>of Debt<br/>Discount</u> | <u>Restructuring</u> | <u>Stock-Based<br/>Compensation</u> | <u>Tax<br/>Adjustments</u> | <u>Non-GAAP<br/>Guidance</u> |
|--|--------------------------|--|--|--|----------------------|-------------------------------------|----------------------------|------------------------------|
| <b>Low end of FY guidance range</b>      |                          |  |  |  |                      |                                     |                            |                              |
| Net Revenue                              | 4,050                    |  | -  |  |                      |                                     |                            | 4,050                        |
| <i>Approximate Gross Margin %</i>        | 62%                      | 1%   | 0%   |  |                      |                                     |                            | 63%                          |
| <i>Approximate Operating Expense</i>     | > 2450                   | (60)   |  |  | (22)                 | (170)                               |                            | > 2200                       |
| <i>Approximate Tax Expense (Benefit)</i> | (10)                     |  |  |  |                      |                                     | 107                        | 97                           |
| Net Income                               | 51                       | 100  | -  | 14   | 22                   | 170                                 | (107)                      | 250                          |
| Earnings Per Share                       | \$ 0.15                  |  |  |  |                      |                                     |                            | \$ 0.75                      |
| Diluted shares                           | 334                      |  |  |  |                      |                                     |                            | 334                          |
| <b>High end of FY guidance range</b>     |                          |  |  |  |                      |                                     |                            |                              |
| Net Revenue                              | 4,200                    |  | -  |  |                      |                                     |                            | 4,200                        |
| <i>Approximate Gross Margin %</i>        | 62%                      | 1%   | 0%   |  |                      |                                     |                            | 63%                          |
| <i>Approximate Operating Expense</i>     | > 2450                   | (60)   |  |  | (22)                 | (170)                               |                            | > 2200                       |
| <i>Approximate Tax Expense (Benefit)</i> | (10)                     |  |  |  |                      |                                     | 127                        | 117                          |
| Net Income                               | 121                      | 100  | -  | 14   | 22                   | 170                                 | (127)                      | 301                          |
| Earnings Per Share                       | \$ 0.36                  |  |  |  |                      |                                     |                            | \$ 0.90                      |
| Diluted shares                           | 334                      |  |  |  |                      |                                     |                            | 334                          |