Tricia Gugler:

Welcome to our second quarter fiscal 2009 earnings call.

Today on the call we have John Riccitiello, our Chief Executive Officer; Eric Brown, our Chief Financial Officer and John Pleasants, our Chief Operating Officer.

Before we begin, I'd like to remind you that you may find copies of our SEC filings, our earnings release and a replay of this webcast on our web site at investor.ea.com. Shortly after the call we will post a copy of our prepared remarks on our website. Throughout this call we will present both GAAP and non-GAAP financial measures. Non-GAAP measures exclude the following items:

- amortization of intangibles,
- stock-based compensation,
- acquired in-process technology,
- restructuring charges,
- losses on strategic investments,
- certain abandoned acquisition-related costs,
- the impact of the change in deferred net revenue related to certain packaged goods and digital content.

In addition, starting with its fiscal 2009 results, the Company began to apply a fixed, long-term projected tax rate of 28% to determine its non-GAAP results. Prior to fiscal 2009, the Company's non-GAAP financial results were determined by excluding the specific income tax effects associated with the non-GAAP items and the impact of certain one-time income tax adjustments.

Our earnings release provides a reconciliation of our GAAP to non-GAAP measures. These non-GAAP measures are not intended to be considered in isolation from – a substitute for – or superior to – our GAAP results – and we encourage investors to consider all measures before making an investment decision. All comparisons made in the course of this call are against the same period for the prior year – unless otherwise stated.

Please see our supplemental information on our website for our trailing twelve month segment shares and a summary of our financial guidance.

During the course of this call – we may make forward-looking statements regarding future events and the future financial performance of the Company. We caution you that actual events and results may differ materially. We refer you to our most recent Form 10-Q for a discussion of risk factors that could cause our actual results to differ materially from those discussed today. We make these statements as of October 30, 2008 and disclaim any duty to update them.

Now I would like to turn the call over to John.

John Riccitiello:

Thanks, Tricia.

Let me touch briefly on our agenda today –

- I'm going to start on Q2, our back-half, the economy, and an update on how things are going at EA.
- Eric will review our Q2 results in detail and provide our specific guidance for FY09. He will also discuss our cost reduction initiatives.
- John Pleasants will discuss key learnings from Q2, the current retail environment, our holiday slate and our progress in our digital direct-to-consumer businesses.
- Then I'll wrap up with a few closing thoughts.
- After that – Eric, John and I will be happy to take your questions.

Q2 Results: We came in as expected on the top and bottom line. Our Sports franchises, especially Madden, performed well. SPORE and Warhammer Online met our high expectations. And, I want to call out the teams behind Madden, Tiger, NHL, FIFA, SPORE, Dead Space and Warhammer for creating some incredibly innovative, high-quality titles.

Looking forward, we believe we have an outstanding slate of great titles for the second half of our fiscal year and especially for the crucial holiday quarter. Despite this strength, we believe it is now prudent to lower our guidance for the balance of the fiscal year. As you know, we have moved Harry Potter to FY10 with the slip of the movie, which is particularly hard -- costing us $0.13 EPS -- as we have completed and expensed a solid game but won't see revenues until next year. And in recent weeks, we have experienced sharply adverse FX – the recent spike up in the dollar compared to where it was when we provided guidance in May and July, if it holds, will reduce our earnings per share by approximately $0.12. Third, we are seeing continued weakness with catalog sales and are starting to see weakness at retail in October. These factors, balanced against our total set of puts and takes, have us reducing our range by $0.30 EPS both at the top and bottom end.

There are four areas I would like to address before turning the microphone over to Eric:

- First, the broad economic environment
- Second, EA's recent operational performance
- Third, the flow through of top line revenue at EA to bottom line EPS
- And, fourth, the reduction in force we announced earlier today and other planned future cost reductions.

In addressing the economic environment, I'll start by telling you what I believe most of you know. The game industry has been very resilient in past recessions. History shows us that the technology driver of new consoles has outweighed the negative of a recession. And, this time we have three strong and well differentiated consoles, each in growth mode – having three strong players at one time is unprecedented. And, I am sure you know just how good a value games are to the consumer. A single $60 game can deliver 50 to 100 hours of play, a far better consumer value than a trip to the movies or a live music or sports event. We also note just how strong games sales have been thus far this year, up 30% in North America and we estimate 22% in Europe. Retailers, both in Europe and North America, have added space for the game industry. Still, we recognize that these times are unprecedented, and so far in October, there are indicators that consumers and retailers are being more cautious. We remain optimistic for our sector longer term, but cautious in the short term.

Turning to EA's operational performance. Let me start with some of the negatives. We've experienced a few slips and kills. Recently, we killed Tiberium, a move we made for quality reasons. And Saboteur is moving to FY10. And, as I mentioned, we are also seeing continued weakness in our catalog sales.

On the positive side, we are seeing across-the-board improvements in innovation and quality of our games, whether on PC, consoles, mobile phones or in Sports or with our new IPs. Overall, our metacritic scores are up. This is translating to solid front line sales for both our sequel titles and new IPs. On-time delivery of games is up in all four of our labels. And EA Partners (EAP) continues to perform well in sales and in signing new profitable deals.

Now on to the question of how revenue flows thru to our margins. If you look at our growth year-over-year, we expect to add over $1.0 BN in revenue this year, with overall operating margins increasing up to 300 basis points. There are three aspects of this performance that I would like to peel apart for you: our core business, our EAP business and our investments in digital direct initiatives.

EA's business, excluding co-publishing and distribution, is expected to grow from $3.3 BN in FY08 to over $4.0 BN in FY09. We're expecting at least 500 basis points of operating leverage year-over-year. We're not yet where we want to be – but we expect a doubling in operating margin year-over-year.

We expect to deliver this performance even while making significant up-front online investments. These investments include our spending on the Star Wars: The Old Republic MMO, developing seven of our franchises into mid-session games, the infrastructure to self-publish micro-transaction games in Asia, our Nucleus online registration and billing system and other platform technologies to build direct-to-consumer business models for our core packaged goods games. We think these investments are crucial to EA's long term success because in the future we see slower growth in the basic packaged goods business and higher margins, greater growth and reduced cyclicality with these new D2C businesses. We're investing approximately $150 M in these activities. We believe this investment, while compressing near term results, sets us up for success longer term.

Our EAP business is growing very rapidly, increasing our co-pub and distribution revenue from approximately $700 M in FY08 to over $1 BN in FY09. Operating margins in this business, while solid, are less than our own business and, this year are expected to be single digit. The FY09 negative for the P&L is the result of the recent success we've had in signing new properties from some of the best developers in the world. Each of these new co-development deals involves some up-front investment, and in FY09 we're running about $35M ahead of FY08 on these investments, with no associated revenue. This development is expensed now with significant returns expected in the future.

If we were to cut short our investments in EAP and digital direct, our operating profit would look much better today – with approximately 350 points of more operating margin. Although that would help for the short term – cutting these investments is not the right answer for the long term.

Now I'd like to turn to the cost actions we announced today. Given the uncertain economic environment and the ever present need to drive greater efficiencies, earlier today we announced that we are reducing headcount. We are taking costs out – both now and as we progress thru our FY10 planning. We've made the decision to eliminate positions totaling approximately 6% of our current workforce and will manage headcount additions rigorously. Also, as we go through our FY10 planning process we will continue to focus on costs and efficiencies – and eliminate marginal SKUs.

Now, I would like to pass it to Eric.

Eric Brown:

Thank you, John. Good afternoon everyone.

For Q2, we delivered record non-GAAP revenue of $1.1 BN – our top and bottom line came in as we expected – overall a solid quarter.

A few highlights.

As usual, Q2 was a big sports quarter.

- Madden NFL 09 was our best selling title in the quarter selling 4.5 M copies; while units were flat to last year, we did this on two fewer platforms.
- NCAA Football 09 sold 1.8 M copies -- up 5% year-over-year.
- Tiger Woods PGA TOUR 09 sold 1.5 M copies – and the Wii title is one of the highest rated recently released games.
- NHL 09 is our highest rated sports titles so far this cycle – with a metacritic rating of 89 on the Xbox 360 and PS3. Sell thru has been up over 85% year-over-year on these platforms.
- Overall – our core sports titles delivered as expected in the quarter.
- Before leaving sports, I would also like to mention FIFA 09 – which is a Q3 title. It is off to its strongest start in history – with the first three weeks of sell thru up an estimated 30% year-over-year.

Q2 was also about new IP. During the quarter, we launched 3 new games.

- SPORE – is off to a great start selling nearly 2 M copies and is the number one PC title in North America and is number three in Europe year-to-date.
- Mercenaries 2 sold 1.9 M copies and
- Warhammer Online: Age of Reckoning had a strong debut selling 1.2 M copies.

In addition, through our EA Partners business, we shipped Rock Band 2 software exclusively for the Xbox 360. Combined with the original Rock Band – the franchise sold over 1.5 M copies in the quarter. Calendar year to date, Rock Band is the number one title across all platforms in North America.

And finally, during the quarter we recognized $110 M in digital direct-to-consumer revenue – up $27 M or 33% year-over year and 22% sequentially. This is the first time this revenue stream has hit the $100 M mark in a quarter. This growth was fueled by digital downloads, wireless, advertising and POGO subscriptions.

- In the quarter, we had $16 M of sales through our EA Store and other third party sites – up $12 M from last year. SPORE alone generated $5 M. Since the launch of our new EA Store last September – we've had over one million downloads. We are now up and running in 31 countries.
- Our wireless business also experienced strong growth – up $8 M year-over-year or 21%.

I would now like to spend some time discussing Q2 in more detail. Please note that all of the following references to second quarter results are non-GAAP, unless otherwise stated.

Q2 Results.

Non-GAAP Revenue* was $1.126 BN – up 20% year-over-year. Foreign exchange positively impacted the top-line by 2%. As expected, our Q2 revenue was primarily driven by the launches of Madden NFL 09, SPORE, Mercenaries 2, NCAA Football 09, Tiger Woods PGA Tour 09, Warhammer Online and the continued sales of MTV Games and Harmonix Rock Band.

By geography.

North America non-GAAP revenue* was $746 M – up $221 M – or 42% primarily due to growth in distribution and PC revenue.

International non-GAAP revenue* was $380 M – down $31 M – or 8% and down 12% at constant currency rates. The year-over-year decline traces to a comparison to Q208 which included approximately $120 M of FIFA. This year, FIFA 09 launched in Q309. Revenue in the quarter was driven by Rock Band, SPORE, Mercenaries 2 and Warhammer.

Moving to the rest of the income statement.

Non-GAAP Gross Profit* was $573 M – up 4% year-over-year.

Non-GAAP Gross Profit Margin* was 50.9% vs. 58.7% – down 7.8 percentage points due to a higher mix of co-publishing and distribution revenue.

Operating Expenses.

Before getting into the details, let me remind you that this year we are recording our bonus expense in a straight-line fashion instead of recognizing the expense in proportion to quarterly profitability as we have in the past. This impacts the quarterly phasing of our bonus expense. As we said on our last call, this change will negatively impact Q1, Q2 and Q409 and have a corresponding favorable impact on expenses in Q3. During the quarter, this resulted in an approximate $29 M overall increase to operating expenses year-over-year.

Marketing and Sales. Marketing and sales expense, excluding stock-based compensation, was $192 M – up $33 M primarily due to increased advertising to support our Q2 releases and higher personnel-related costs, including the bonus phasing. As a percentage of revenue – marketing and sales was 17% of non-GAAP revenue, consistent with last year.

General and Administrative. G&A expense, excluding stock-based compensation, was $79 M – up $5 M. The increase was driven primarily by the bonus phasing.

Research and Development. R&D, excluding stock-based compensation, was $337 M – up $100 M. Of the $100 M -- $29 M is related to the acquisition of VGH, $32 M in contracted services due to a greater number of projects under development and EAP advances and $20 M related to bonus phasing.

R&D headcount ended the quarter at roughly 7,400 – up 7% year-over-year adjusted for M&A.

Below the Operating Income line.

Other income and expense was $7 M – down $25 M from a year ago due to a decline in interest income and foreign exchange losses.

Income Taxes. On a GAAP basis, we recorded $81 M of tax benefit. On a non-GAAP basis, we recorded taxes at 28%.

GAAP Diluted Loss per Share was ($0.97) vs. diluted loss per share of ($0.62) a year ago. This quarter – our GAAP loss includes $21 M of pre-tax acquisition-related charges associated with the abandonment of the Take-Two transaction.

Non-GAAP Diluted Loss per Share* was ($0.06) vs. diluted earnings per share of $0.27 a year ago.

Our trailing twelve month operating cash flow was $219 M vs. $145 M for the prior period. We're expecting to generate significant positive cash flows for the remainder of the year.

Turning to the Balance Sheet.

Cash and short term investments were $1.825 BN at quarter end – down $122 M from last quarter due to cash used in operations. With respect to our cash and short term investment portfolio, we managed to navigate the downturn in the capital markets relatively well and, for the quarter, we realized a small net gain and incurred no impairment charges.

Marketable equity securities and Other investments were $648 M – down $104 M from last quarter due to declines in the market value of our strategic investments.

During the quarter – we recognized a pre-tax loss of $34 M in the P&L related to our investment in Neowiz. At quarter end – after the write down -- we had a net unrealized gain of $438 M – comprised of a $441 M unrealized gain on Ubisoft and a $3 M unrealized loss on The9.

Gross accounts receivable were $715 M vs. $609 M a year ago – an increase of 17% primarily due to the growth in non-GAAP revenue.

Reserves against outstanding receivables totaled $168 M – down $17 M from a year ago. Reserve levels were 10% of trailing six month non-GAAP revenue – down four points. As a percentage of trailing nine month non-GAAP revenue –

reserves were 6% – down three points. The decrease year-over-year is related to (a) a higher mix of our revenue coming from our distribution business for which we have less return risk (b) and lower channel exposure in Europe.

Inventory was $328 M – up $105 M sequentially – only a small portion of this increase is for our own titles where we carry full inventory risk.

Ending deferred net revenue from packaged goods and digital content was $424 M – up $232 M sequentially primarily due to a build of deferred net revenue related to our Q2 releases.

Now to our Outlook.

Let's start with the industry. We continue to expect software sales to grow 20% or more this year combined for North America and Europe. Keep in mind that year-over-year comparables will get more difficult in the holiday quarter given the robust growth experienced a year ago.

Now our Guidance.

Before, I get into the numbers, I would like to provide some detail on our recently announced cost reduction plan. Beginning in our third fiscal quarter, we expect to reduce our worldwide staff by approximately 6% across the labels, publishing and corporate divisions. We expect to incur cash charges of approximately $10 M, the majority of which will be incurred in our fiscal third quarter.

We expect this action to result in annual operating cost savings of approximately $50 M.

As part of this cost reduction initiative, we expect to reduce hiring and continue to expand in lower cost locations. At the end of FY09, we expect to have fewer employees in high cost locations versus the end of last year. Also, as we enter our planning process for FY10, we expect to carefully scrutinize all operating expense budgets and optimize the company SKU plan.

Now for the GAAP Guidance.

For the full year, we expect –

- GAAP revenue to be between $4.9 and $5.15 BN.
- GAAP EPS to be between a diluted loss per share of $0.21 to diluted earnings per share of $0.07.
- GAAP gross margin to be between 54 and 55%.
- Diluted share count to be approximately 325 M shares.

We expect to end the year with roughly $500 M in deferred net revenue related to online-enabled packaged goods.

Now – our non-GAAP* guidance.

As John indicated, we are lowering our full year EPS guidance by $0.30 on both the top and bottom end of the range for various items including: the shift of Harry Potter ($0.13), foreign exchange impact ($0.12), catalog weakness and other factors including the slip of Saboteur.

For the full year, we now expect --

- Non-GAAP revenue* to be between $5.0 BN and $5.3 BN.
- Non-GAAP EPS* to be between $1.00 and $1.40 per share.
- Non-GAAP gross margin to be between 55.5 and 56.5%.
- Diluted share count to be approximately 325 M shares.

Please see our press release for the difference between our expected GAAP and non-GAAP guidance.

Let me provide some additional detail.

FX Assumptions.

- FX rates have been volatile in the last few weeks and for purposes of guidance, we are taking into account current spot rates.
- To the extent the US dollar continues to strengthen against the Euro and GBP, we may have downside EPS exposure.

On Non-GAAP expenses.

- R&D – given our headcount reduction, more focus on headcount additions through the back half of the year and the weaker Canadian dollar, we now expect non-GAAP R&D will increase roughly 25 to 27% year-over-year. Core R&D expenses are expected to grow at a high single digit percentage year-over-year.
- We expect sales and marketing to be flat as a percentage of revenue vs. last year.
- And we expect G&A, to be down 1 to 1.5 points as a percentage of revenue vs. last year.

On Non-GAAP operating margins.

- We expect a Non-GAAP operating margin* of 8.5% to 11.25% for FY09, or an increase of 50 to 325 basis points from fiscal 2008.

Below the operating income line.

- We expect that non-GAAP other income and expense will be roughly $35 M this year – down from our last estimate and down significantly from last year as a result of steep declines in interest rates and foreign exchange losses.
- Income taxes. We expect our non-GAAP tax rate for FY09 to be 28% -- you can also use this 28% rate to model the quarters. On a GAAP basis, we expect $35 to $70 million of tax expense. Please note that our GAAP tax rate can be particularly volatile at lower levels of pretax income as a relatively small change can produce a big swing in our annual effective tax rate.

A few things you need to keep in mind for the quarters.

- Given the change in mix of our revenue – we expect our non-GAAP gross profit margin to be in the mid 50s for Q3 and low 60s for Q4.
- On bonus phasing – we expect to incur $35 to $40 M in bonus expense in each quarter given the straight line accounting. Relative to last year – this will result in less bonus expense in Q309 vs. Q308. Last year – the bulk of the full year bonus expense was booked in Q308.

Now our Q3 slate.

We have 21 titles and 56 SKUs slated for Q3 vs. 10 titles and 38 SKUs a year ago. Please see the Supplemental deck on our website for the complete listing.

We made the decision to launch Lord of the Rings Conquest in a better ship window -- January 09.

From EA Partners – we expect to ship 13 SKUs, including Left 4 Dead and Rock Band Track Packs.

From EA Mobile -- we plan to release 12 games – including Need for Speed, FIFA and Trivial Pursuit.

That concludes our guidance and outlook commentary.

I would now like to turn the call over to John Pleasants, our Chief Operating Officer.

John Pleasants:

Thank you Eric and good afternoon everybody. I would like to cover a few topics.

- First – go a bit deeper on Q2 – and discuss some of our learnings and observations.
- Second -- discuss what we are seeing at retail and key titles for the holiday quarter.
- And Third -- wrap up with what we are doing in our digital direct-to-consumer businesses.

As John and Eric indicated, Q2 came in as expected – but we wanted to share a few observations.

- In Sports – we raised a question on the July earnings call as to whether quality and innovation would trump soft pre-orders. We now have the answer – it does. Every one of our sports simulation titles was up in quality this year – and our sales trend has turned positive.
- SPORE met our initial expectations as a packaged goods PC product – and we're pleased to report it's the most successful North American new IP launch on PC – beating both The Sims and World of Warcraft. So we're off to a great start. What is also interesting – is the strong user engagement we are seeing – over 40 M creations have been shared online, and on YouTube 150 K videos have been uploaded and viewed over 30 million times. That makes us very confident that we can build SPORE into a platform for years to come. We have two expansion packs coming over the next six months – with much more on the way.
- We're also making progress with non-traditional forms of marketing. This is an important initiative for us as we look to drive efficiencies in our cost of customer acquisition. We continue to experiment with viral and online marketing and are thrilled with the response from our Tiger Woods and Mercenaries campaigns, in particular. If you haven't already done so, you should check out the Tiger Woods walk on water YouTube video – which has received over 2.3 M viewings so far.

Now let me shift to the retail environment and our holiday slate.

- As you know well, the overall retail environment is tough -- foot traffic is soft, consumer spending is down and total retail forecasts for the holiday are down.
- However, in our category retailers are betting on the video game sector this holiday. Major retailers are continuing to add space to the sector – particularly -- Walmart and Best Buy in North America – and Asda and Tesco in Europe. Specialty retailers continue to add hundreds of stores. Although these are positive indicators -- the overall economic environment is leading retailers to be more conservative with their open-to-buys and general inventory management. Based on what we have seen in October, retailers are being cautious, particularly in North America.
- In addition, we're seeing weakness in catalog – particularly in games with limited online connectivity. This is something we are addressing directly with post launch content – such as on NBA Live – where the game is refreshed daily. You'll see more of this in our upcoming launches.

- For EA – we've got an incredibly strong slate of titles that we believe positions us well this holiday.
    - We've got tent pole games – Need for Speed Undercover, FIFA, NBA Live and My Sims.
    - We've got new innovative IP -- including critically acclaimed Mirror's Edge and Dead Space.
    - We've got our casual line up – including Littlest Pet Shop and Nerf-n-Strike from Hasbro. We're thrilled to be expanding into this important genre and finally,
    - We're got a broad slate of Nintendo games. We've released 10 SKUs – and have 30 coming – including Nerf-n-Strike, Skate it and MySims Kingdom.

Now let me switch gears and talk about a key long term strategic initiative for EA – our digital direct-to-consumer businesses.

- We're back in the MMO business – with the launch of Warhammer Online. Currently, 800 K people are playing online worldwide. In North America, we have 250 K subscribers in less than two weeks – and are seeing conversions of over 70%. Although it is still early days – we like what we are seeing. In addition, we announced we have Star Wars: The Old Republic MMO under development in EA's BioWare studio in partnership with Lucas Arts.
- We're making good progress in Asia with our Mid-Session games. Today – we have nine instances of our FIFA and NBA Street franchises in closed beta in various countries across Asia – and we expect to be generating revenue on all of them by year-end. That compares to just one game last year.
- We're starting to make progress on premium downloadable content. Burnout Paradise was our first full download game on the PlayStation Network – with over 20 K downloads in a three week period. In Tiger Woods PGA TOUR 09, consumers have purchased 90 K pieces of content – in just over five weeks – driving micro-transaction revenue up 5x that of last year. On the PC side, we just launched the Sims 2 store – and so far, we have generated $14.50 per paying user in micro-transactions. Although the dollars are all relatively small -- the growth is significant.
- Our wireless business is delivering – with revenue up 25% for the first 6 months. This business is on track to generate over $185 M in revenue this year – consistent with our previous guidance.

With that – I'll turn it back to John.

John Riccitiello:

Thanks, John.

Before we take your questions I want to emphasize a few thoughts.

- First. Reducing our guidance is a big deal – we take it seriously. We're proactively making cost adjustments now and will continue to do so as we plan the next fiscal year.
- Second. We are in a fast growing industry – driven by innovation and technology.
- Third. We're making significant progress on the business and have the right long term strategy and are driving towards our FY11 targets.
- In summary -- while we are very bullish longer term, we are more cautious in the short term.

With that -- we would be happy to take your questions.

* **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:

- Amortization of intangibles
- Stock-based compensation
- Acquired in-process technology
- Restructuring charges
- Losses on strategic investments
- Certain abandoned acquisition-related costs
- Change in deferred net revenue (packaged goods and digital content)

Through the end of fiscal 2008, Electronic Arts made certain income tax adjustments to its non-GAAP financial measures to reflect the income tax effects of each of the items it excluded from its pre-tax non-GAAP financial measures, as well as certain discrete one-time income tax adjustments. This approach was consistent with how the Company evaluated operating performance, planned, forecasted and analyzed future periods, and assessed the performance of its management team.

In fiscal 2009, the Company began using 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 fiscal 2009 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 30, 2008, Electronic Arts has provided a reconciliation of the most comparable GAAP financial measure to each of the historical non-GAAP financial measures.

Safe Harbor Statement

Some statements set forth in this document, including the estimates relating to EA's fiscal year 2009 guidance, 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 subject to 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 EA's results to differ materially from its expectations include the following: timely development and release of Electronic Arts' products; competition in the interactive entertainment industry; the Company's ability to successfully implement its cost reduction plans; the general health of the U.S. and global economy and the related impact on discretionary consumer spending; the consumer demand for, and the availability of an adequate supply of console hardware units (including the Xbox 360® video game and entertainment system, the PLAYSTATION®3 computer entertainment system and the Wii™); consumer demand for software for the PlayStation 2; the Company's ability to predict consumer preferences among competing hardware platforms; the financial impact of potential future acquisitions by EA; the Company's ability to realize the anticipated benefits of acquisitions; consumer spending trends; the seasonal and cyclical nature of the interactive game segment; the Company's ability to manage expenses during fiscal year 2009 and beyond; the Company's ability to attract and retain key personnel; changes in the Company's effective tax rates; the performance of strategic investments; adoption of new accounting regulations and standards; potential regulation of the Company's products in key territories; developments in the law regarding protection of the Company's products; fluctuations in foreign exchange rates; the Company's ability to secure licenses to valuable entertainment properties on favorable terms; and other factors described in the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2008. These forward-looking statements speak only as of October 30, 2008. 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, 2008. Electronic Arts assumes no obligation and does not intend to update these estimates prior to filing its Form 10-Q for the quarter year ended September 30, 2008.