



# **Electronic Arts Inc. Q4 FY 2014 Results**

May 6, 2014

# Safe Harbor Statement



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

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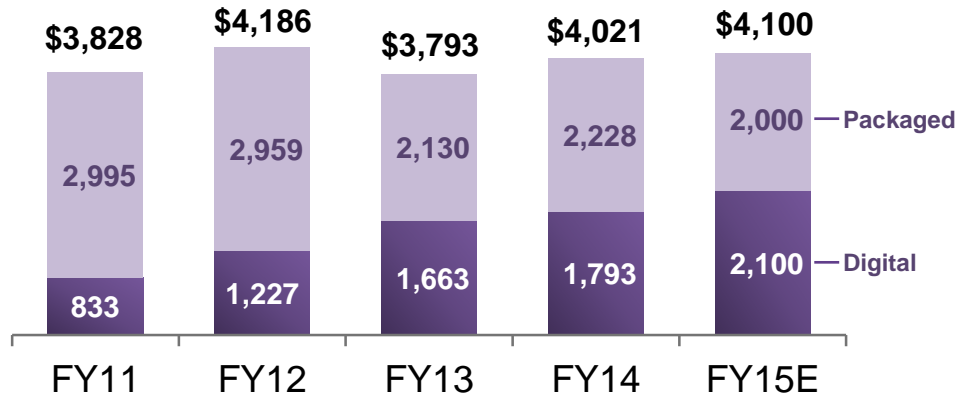
- Some statements set forth in this document, including the information relating to EA's fiscal year 2015 guidance and title slate, contain forward-looking statements that are subject to change. Statements including words such as "anticipate", "believe", "estimate" or "expect" and statements in the future 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; 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, including managing online security; general economic conditions; and other factors described in the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended December 31, 2013.
- These forward-looking statements are valid as of May 6, 2014 only.
- 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 Annual Report on Form 10-K for the fiscal year ended March 31, 2014. Electronic Arts assumes no obligation and does not intend to update these estimates prior to such filing.

# EA Growth Trends

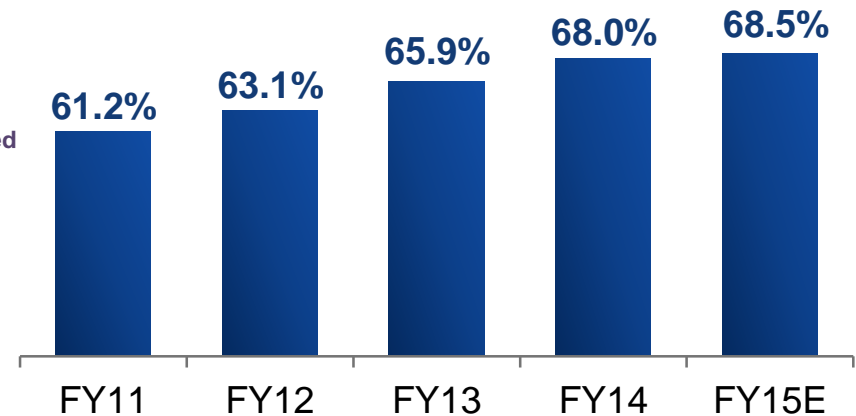


## Net Revenue <sup>1</sup>

(\$ in Millions)

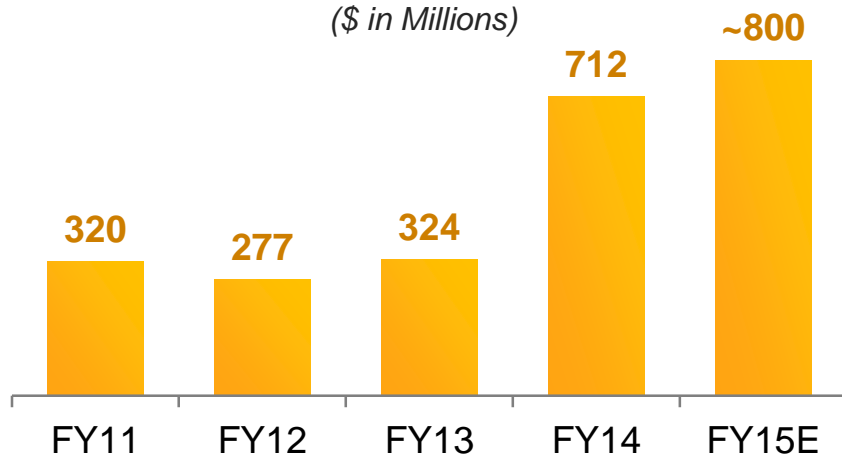


## Gross Profit <sup>1</sup>



## Operating Cash Flow

(\$ in Millions)



## Diluted EPS <sup>1</sup>



<sup>1</sup> On a non-GAAP basis. FY14 and FY15 non-GAAP tax rate is 25%. Through FY13, the non-GAAP tax rate was 28%.

# Q4 FY14 Guidance vs. Actuals



Ending March 31, 2014

|                            | GAAP     |         | Non-GAAP |         |
|----------------------------|----------|---------|----------|---------|
|                            | Guidance | Actuals | Guidance | Actuals |
| Net Revenue                | \$1,070  | \$1,123 | \$800    | \$914   |
| Gross Profit Margin        | 77%      | 80.1%   | 71%      | 77.4%   |
| Operating Expense          | \$569    | \$556   | \$525    | \$503   |
| Tax Expense (Benefit)      | \$15     | (\$30)  | \$10     | \$50    |
| Net Income                 | \$230    | \$367   | \$29     | \$152   |
| Diluted Earnings Per Share | \$0.72   | \$1.15  | \$0.09   | \$0.48  |
| Diluted Shares             | 318      | 319     | 318      | 319     |

In millions, except per share data.

# Q4 FY14 Financial Summary



|                            | GAAP    |         | Non-GAAP |         |
|----------------------------|---------|---------|----------|---------|
|                            | Q4FY13  | Q4 FY14 | Q4 FY13  | Q4 FY14 |
| Net Revenue                | \$1,209 | \$1,123 | \$1,040  | \$914   |
| Gross Profit Margin        | 74.4%   | 80.1%   | 74.3%    | 77.4%   |
| Operating Expense          | \$591   | \$556   | \$540    | \$503   |
| Operating Income           | \$309   | \$344   | \$233    | \$204   |
| Operating Margin           | 25.6%   | 30.6%   | 22.4%    | 22.3%   |
| Diluted Earnings Per Share | \$1.05  | \$1.15  | \$0.55   | \$0.48  |
| Operating Cash Flow        | \$233   | \$281   |          |         |
| EBITDA                     | \$432   | \$433   | \$264    | \$235   |

In millions, except per share data.

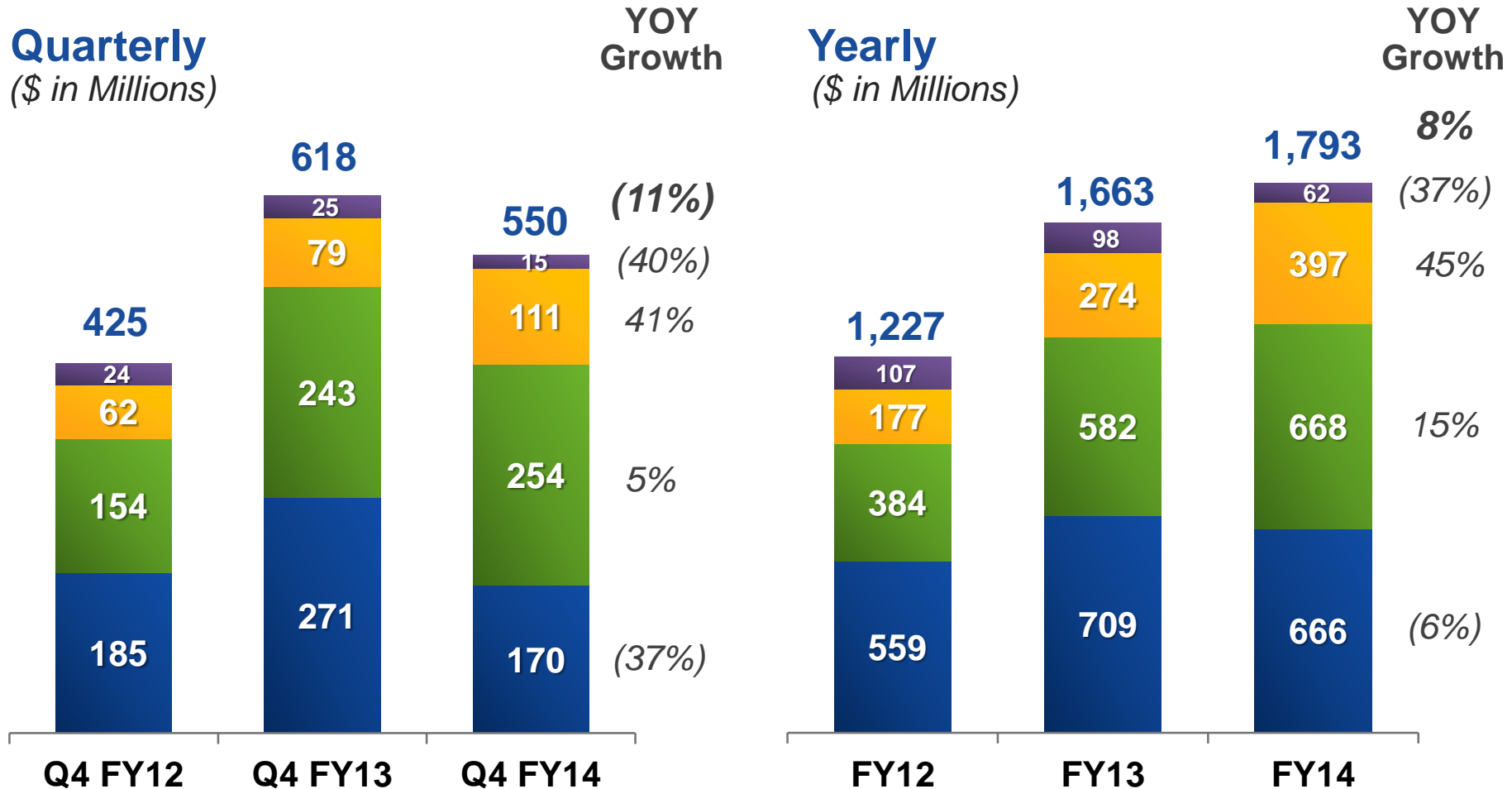
# FY14 Financial Summary



|                     | GAAP    |         | Non-GAAP |         |
|---------------------|---------|---------|----------|---------|
|                     | FY13    | FY14    | FY13     | FY14    |
| Net Revenue         | \$3,797 | \$3,575 | \$3,793  | \$4,021 |
| Gross Profit Margin | 63.4%   | 62.3%   | 65.9%    | 68.0%   |
| Operating Expense   | \$2,288 | \$2,195 | \$2,133  | \$2,019 |
| Operating Income    | \$121   | \$33    | \$367    | \$717   |
| Operating Margin    | 3.2%    | 0.9%    | 9.7%     | 17.8%   |
| Diluted EPS         | \$0.31  | \$0.03  | \$0.84   | \$1.69  |
| Operating Cash Flow | \$324   | \$712   |          |         |
| EBITDA              | \$526   | \$385   | \$485    | \$843   |

In millions, except per share data.

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

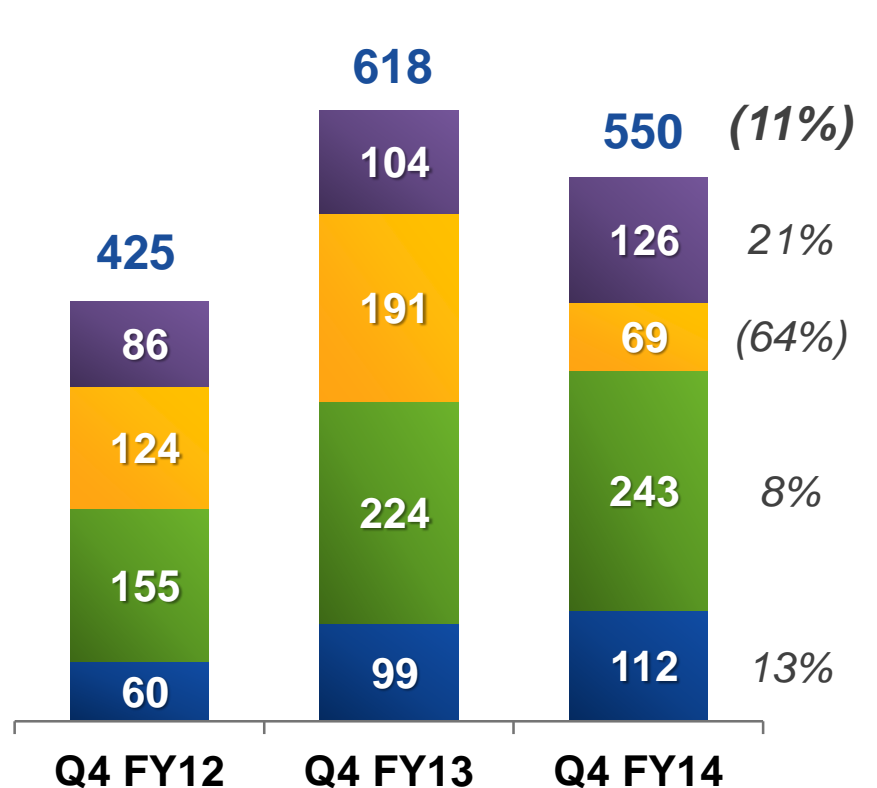


<sup>1</sup> In millions, on a non-GAAP basis. PC includes browser.

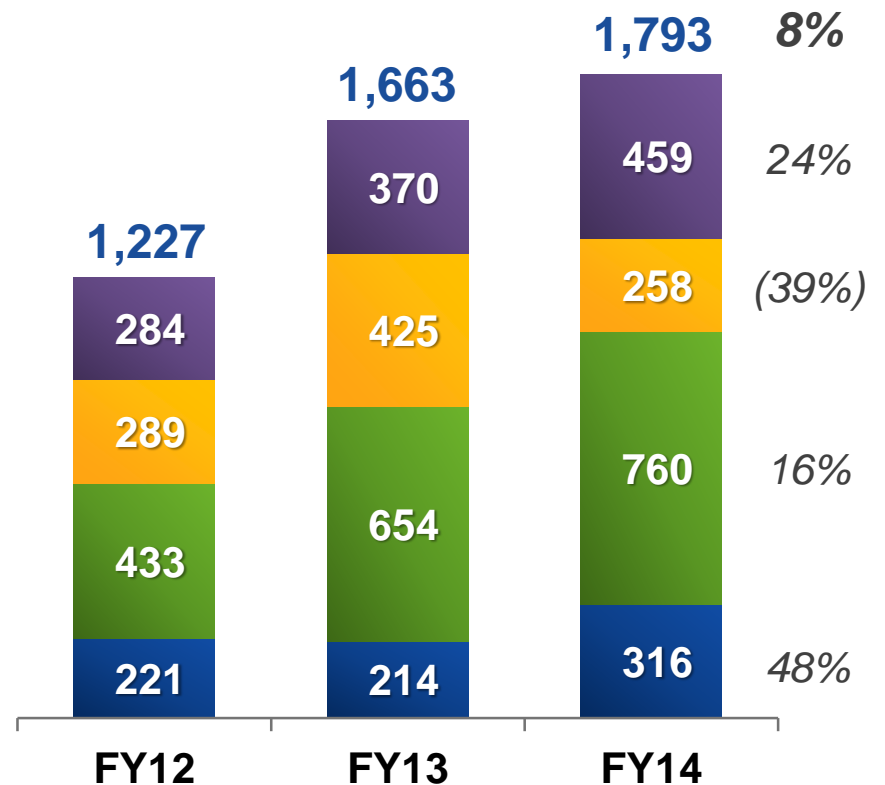
# EA Digital Revenue<sup>1</sup> by Type



**Quarterly**  
(\$ in Millions)



**Yearly**  
(\$ in Millions)



<sup>1</sup> In millions, on a non-GAAP basis.



# FY 15 Titles and Services



HD

Subscription

PC Client/Browser

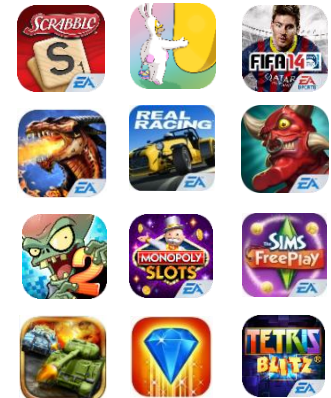
Mobile/Tablet

FY15 Releases



*Titles to be announced*

Existing Live Services



# Guidance – Q1 FY15

Ending June 30, 2014



|                                 | GAAP    | Non-GAAP |
|---------------------------------|---------|----------|
| Net Revenue                     | \$1,200 | \$700    |
| Gross Profit Margin             | 79.6%   | 67.0%    |
| Operating Expense               | \$524   | \$485    |
| Tax Expense                     | \$15    | (\$5)    |
| Net Income (Loss)               | \$406   | (\$16)   |
| Earnings (Loss) Per Share       | \$1.26  | (\$0.05) |
| Diluted Shares (Basic for Loss) | 322     | 313      |

In millions, except per share data.

Non-GAAP Tax Rate: 25%.

These forward-looking statements are valid as of May 6, 2014 only.

Electronic Arts assumes no obligation to update these forward-looking statements.

# Guidance – Full Year FY15



Ending March 31, 2015

|                          | GAAP    | Non-GAAP |
|--------------------------|---------|----------|
| Net Revenue              |         |          |
| Packaged Goods and Other | \$2,275 | \$2,000  |
| Digital Net Revenue      | \$2,100 | \$2,100  |
| Total Net Revenue        | \$4,375 | \$4,100  |
| Gross Profit Margin      | 69.2%   | 68.5%    |
| Operating Expense        | \$2,168 | \$2,000  |
| Tax Expense              | \$60    | \$201    |
| Net Income               | \$774   | \$603    |
| Earnings Per Share       | \$2.37  | \$1.85   |
| Diluted Shares           | 326     | 326      |
| Operating Cash Flow      | ~\$800  |          |

In millions, except per share data.

Non-GAAP Tax Rate: 25%.

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# Guidance - Phasing



FY15 Quarterly Revenue<sup>1</sup>

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| Non-GAAP<br>Net Revenue | Q1E | Q2E | Q3E | Q4E |
|-------------------------|-----|-----|-----|-----|
| Non-GAAP                | 17% | 28% | 37% | 18% |
| GAAP                    | 27% | 21% | 24% | 28% |

<sup>1</sup> These forward-looking statements are valid as of May 6, 2014 only. Electronic Arts assumes no obligation to update these forward-looking statements. The difference in GAAP and non-GAAP quarterly phasing is due to the change in deferred net revenue (online enabled games).

# FY15 Announced Titles



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|    |                         |         |    |
|----|-------------------------|---------|----|
| Q1 | FIFA World Cup 14       | Console |    |
|    | EA SPORTS UFC           | Console |    |
| Q2 | FIFA 15                 | Console | PC |
|    | Madden NFL 15           | Console |    |
|    | NHL 15                  | Console |    |
|    | The Sims 4              |         | PC |
| Q3 | NBA Live 15             | Console |    |
|    | Dragon Age: Inquisition | Console | PC |
|    | TBA                     | Console | PC |
| Q4 | Golf Title TBA          | Console |    |



# **Supplemental Financial Information**



# Guidance<sup>1</sup>

## Currency Assumptions

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- Exchange rates remain volatile
- Current guidance FX assumptions:
  - \$1.37 USD/Euro
    - Revenue and EPS increases if the Euro strengthens v. USD
  - \$1.65 USD/British Pound Sterling
    - Revenue and EPS increases if the British Pound Sterling strengthens v. USD
  - 1.10 Canadian Dollar/USD
    - R&D costs increase and EPS decreases if the Canadian Dollar strengthens v. USD
  - 6.46 Swedish Krona/USD
    - R&D costs increase and EPS decreases if the Swedish Krona strengthens v. USD
- Using spot exchange rates as of May 5, 2014:
  - Approximately \$10M benefit to FY15 non-GAAP Net Revenue
  - Negligible impact to FY15 non-GAAP EPS

<sup>1</sup> These forward-looking statements are valid as of May 6, 2014 only. Electronic Arts assumes no obligation to update these forward-looking statements.

# 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 (online-enabled games)
  - College football settlement expenses
  - Loss (gain) on strategic investments
  - Restructuring charges
  - Stock-based compensation
  - Income tax adjustments

Through fiscal year 2013, the Company used 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 applied the same 28 percent tax rate to its non-GAAP financial results. Beginning in fiscal year 2014, the Company has applied a 25 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 May 6, 2014, Electronic Arts has provided a reconciliation of the most comparable GAAP financial measures to the non-GAAP financial measures.



# Q4 FY14 Reconciliation



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

Three Months Ended March 31, 2014

|   | GAAP Results    | Acquisition-related expenses | Amortization of debt discount | Change in Deferred Net Revenue (Online-Enabled Games) | College football settlement expenses | Restructuring and other | Stock-based compensation | Income tax adjustments | Non-GAAP Results |
|---|-----------------|------------------------------|-------------------------------|---|--------------------------------------|-------------------------|--------------------------|------------------------|------------------|
| <b>Net revenue</b>                                      | <b>\$ 1,123</b> | <b>\$ -</b>                  | <b>\$ -</b>                   | <b>\$ (209)</b>                                       | <b>\$ -</b>                          | <b>\$ -</b>             | <b>\$ -</b>              | <b>\$ -</b>            | <b>\$ 914</b>    |
| Cost of revenue   | 223             | (15)                         | -                             | -   | -                                    | -                       | (1)                      | -                      | 207              |
| <b>Gross profit</b>                                     | <b>900</b>      | <b>15</b>                    | <b>-</b>                      | <b>(209)</b>  | <b>-</b>                             | <b>-</b>                | <b>1</b>                 | <b>-</b>               | <b>707</b>       |
| <b>Operating expenses:</b>                              |                 |                              |                               |   |                                      |                         |                          |                        |                  |
| Marketing and sales                                     | 155             | -                            | -                             | -   | -                                    | -                       | (6)                      | -                      | 149              |
| General and administrative                              | 105             | -                            | -                             | -   | (8)                                  | -                       | (10)                     | -                      | 87               |
| Research and development                                | 289             | -                            | -                             | -   | -                                    | -                       | (22)                     | -                      | 267              |
| Acquisition-related contingent consideration            | 2               | (2)                          | -                             | -   | -                                    | -                       | -                        | -                      | -                |
| Amortization of intangibles                             | 4               | (4)                          | -                             | -   | -                                    | -                       | -                        | -                      | -                |
| Restructuring and other                                 | 1               | -                            | -                             | -   | -                                    | (1)                     | -                        | -                      | -                |
| <b>Total operating expenses</b>                         | <b>556</b>      | <b>(6)</b>                   | <b>-</b>                      | <b>-</b>  | <b>(8)</b>                           | <b>(1)</b>              | <b>(38)</b>              | <b>-</b>               | <b>503</b>       |
| <b>Operating income</b>                                 | <b>344</b>      | <b>21</b>                    | <b>-</b>                      | <b>(209)</b>  | <b>8</b>                             | <b>1</b>                | <b>39</b>                | <b>-</b>               | <b>204</b>       |
| Interest and other income (expense), net                | (7)             | -                            | 5                             | -   | -                                    | -                       | -                        | -                      | (2)              |
| Income before provision for (benefit from) income taxes | 337             | 21                           | 5                             | (209)   | 8                                    | 1                       | 39                       | -                      | 202              |
| Provision for (benefit from) income taxes               | (30)            | -                            | -                             | -   | -                                    | -                       | -                        | 80                     | 50               |
| <b>Net income</b>                                       | <b>\$ 367</b>   | <b>\$ 21</b>                 | <b>\$ 5</b>                   | <b>\$ (209)</b>                                       | <b>\$ 8</b>                          | <b>\$ 1</b>             | <b>\$ 39</b>             | <b>\$ (80)</b>         | <b>\$ 152</b>    |
| <b>Loss per share</b>                                   |                 |                              |                               |   |                                      |                         |                          |                        |                  |
| Basic   | \$ 1.18         |                              |                               |   |                                      |                         |                          |                        | \$ 0.49          |
| Diluted   | \$ 1.15         |                              |                               |   |                                      |                         |                          |                        | \$ 0.48          |
| <b>Number of shares used in computation</b>             |                 |                              |                               |   |                                      |                         |                          |                        |                  |
| Basic   | 310             |                              |                               |   |                                      |                         |                          |                        | 310              |
| Diluted   | 319             |                              |                               |   |                                      |                         |                          |                        | 319              |

In millions, except per share data.

# Q4 FY13 Reconciliation



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

Three Months Ended March 31, 2013

|  | GAAP Results    | Acquisition-related expenses | Amortization of debt discount | Change in Deferred Net Revenue (Online-Enabled Games) | Gain on strategic investments | Stock-based compensation             | Income tax adjustments | Non-GAAP Results |
|--|-----------------|------------------------------|-------------------------------|---|-------------------------------|--------------------------------------|------------------------|------------------|
| <b>Net revenue</b>                           | <b>\$ 1,209</b> | <b>\$ -</b>                  | <b>\$ -</b>                   | <b>\$ (169)</b>                                       | <b>\$ -</b>                   | <b>\$ -</b>                          | <b>\$ -</b>            | <b>\$ 1,040</b>  |
| Cost of revenue                              | 309             | (41)                         | -                             | -   | -                             | (1)                                  | -                      | 267              |
| <b>Gross profit</b>                          | <b>900</b>      | <b>41</b>                    | <b>-</b>                      | <b>(169)</b>  | <b>-</b>                      | <b>1</b>                             | <b>-</b>               | <b>773</b>       |
| Operating expenses:                          |                 |                              |                               |   |                               |                                      |                        |                  |
| Marketing and sales                          | 198             | -                            | -                             | -   | -                             | (7)                                  | -                      | 191              |
| General and administrative                   | 96              | -                            | -                             | -   | -                             | (12)                                 | -                      | 84               |
| Research and development                     | 287             | -                            | -                             | -   | -                             | (22)                                 | -                      | 265              |
| Acquisition-related contingent consideration | 1               | (1)                          | -                             | -   | -                             | -                                    | -                      | -                |
| Amortization of intangibles                  | 9               | (9)                          | -                             | -   | -                             | -                                    | -                      | -                |
| Total operating expenses                     | 591             | (10)                         | -                             | -   | -                             | (41)                                 | -                      | 540              |
| <b>Operating income</b>                      | <b>309</b>      | <b>51</b>                    | <b>-</b>                      | <b>(169)</b>  | <b>-</b>                      | <b>42</b>                            | <b>-</b>               | <b>233</b>       |
| Gain on strategic investments                | 25              | -                            | -                             | -   | (25)                          | -                                    | -                      | -                |
| Interest and other income (expense), net     | (4)             | -                            | 5                             | -   | -                             | -                                    | -                      | 1                |
| Income before provision for income taxes     | 330             | 51                           | 5                             | (169)   | (25)                          | 42                                   | -                      | 234              |
| Provision for income taxes                   | 7               | -                            | -                             | -   | -                             | -                                    | 58                     | 65               |
| <b>Net income</b>                            | <b>\$ 323</b>   | <b>\$ 51</b>                 | <b>\$ 5</b>                   | <b>\$ (169)</b>                                       | <b>\$ (25)</b>                | <b>\$ 42</b>                         | <b>\$ (58)</b>         | <b>\$ 169</b>    |
| <b>Earnings per share</b>                    |                 |                              |                               |   |                               | <b>Earnings per share</b>            |                        |                  |
| Basic  | <b>\$ 1.07</b>  |                              |                               |   |                               | Basic                                |                        | <b>\$ 0.56</b>   |
| Diluted                                      | <b>\$ 1.05</b>  |                              |                               |   |                               | Diluted                              |                        | <b>\$ 0.55</b>   |
| Number of shares used in computation         |                 |                              |                               |   |                               | Number of shares used in computation |                        |                  |
| Basic  | 301             |                              |                               |   |                               | Basic                                |                        | 301              |
| Diluted                                      | 307             |                              |                               |   |                               | Diluted                              |                        | 307              |

# TTM Q4 FY14 Reconciliation



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

|   | Trailing Twelve Months Ended March 31, 2014 |                              |                               |   |                                      |                         |                          |                        |                  |
|---|---|------------------------------|-------------------------------|---|--------------------------------------|-------------------------|--------------------------|------------------------|------------------|
|   | GAAP Results                                | Acquisition-related expenses | Amortization of debt discount | Change in Deferred Net Revenue (Online-Enabled Games) | College football settlement expenses | Restructuring and other | Stock-based compensation | Income tax adjustments | Non-GAAP Results |
| Net revenue   | \$ 3,575                                    | \$ -                         | \$ -                          | \$ 446  | \$ -                                 | \$ -                    | \$ -                     | \$ -                   | \$ 4,021         |
| Cost of revenue   | 1,347                                       | (60)                         | -                             | -   | -                                    | -                       | (2)                      | -                      | 1,285            |
| <b>Gross profit</b>                                     | <b>2,228</b>                                | <b>60</b>                    | <b>-</b>                      | <b>446</b>  | <b>-</b>                             | <b>-</b>                | <b>2</b>                 | <b>-</b>               | <b>2,736</b>     |
| Operating expenses:                                     |   |                              |                               |   |                                      |                         |                          |                        |                  |
| Marketing and sales                                     | 680   | -                            | -                             | -   | -                                    | -                       | (26)                     | -                      | 654              |
| General and administrative                              | 410   | -                            | -                             | -   | (48)                                 | -                       | (32)                     | -                      | 330              |
| Research and development                                | 1,125                                       | -                            | -                             | -   | -                                    | -                       | (90)                     | -                      | 1,035            |
| Acquisition-related contingent consideration            | (35)  | 35                           | -                             | -   | -                                    | -                       | -                        | -                      | -                |
| Amortization of intangibles                             | 16  | (16)                         | -                             | -   | -                                    | -                       | -                        | -                      | -                |
| Restructuring and other                                 | (1)   | -                            | -                             | -   | -                                    | 1                       | -                        | -                      | -                |
| Total operating expenses                                | 2,195                                       | 19                           | -                             | -   | (48)                                 | 1                       | (148)                    | -                      | 2,019            |
| <b>Operating income</b>                                 | <b>33</b>                                   | <b>41</b>                    | <b>-</b>                      | <b>446</b>  | <b>48</b>                            | <b>(1)</b>              | <b>150</b>               | <b>-</b>               | <b>717</b>       |
| Interest and other income (expense), net                | (26)  | -                            | 21                            | -   | -                                    | -                       | -                        | -                      | (5)              |
| Income before provision for (benefit from) income taxes | 7   | 41                           | 21                            | 446   | 48                                   | (1)                     | 150                      | -                      | 712              |
| Provision for (benefit from) income taxes               | (1)   | -                            | -                             | -   | -                                    | -                       | -                        | 179                    | 178              |
| <b>Net income</b>                                       | <b>\$ 8</b>                                 | <b>\$ 41</b>                 | <b>\$ 21</b>                  | <b>\$ 446</b>   | <b>\$ 48</b>                         | <b>\$ (1)</b>           | <b>\$ 150</b>            | <b>\$ (179)</b>        | <b>\$ 534</b>    |

# TTM Q4 FY13 Reconciliation



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

|  | Trailing Twelve Months Ended March 31, 2013 |                              |                               |   |                               |                         |                          |                        |                  |
|--|---|------------------------------|-------------------------------|---|-------------------------------|-------------------------|--------------------------|------------------------|------------------|
|  | GAAP Results                                | Acquisition-related expenses | Amortization of debt discount | Change in Deferred Net Revenue (Online-Enabled Games) | Gain on strategic investments | Restructuring and other | Stock-based compensation | Income tax adjustments | Non-GAAP Results |
| <b>Net revenue</b>                           | <b>\$ 3,797</b>                             | \$ -                         | \$ -                          | \$ (4)  | \$ -                          | \$ -                    | \$ -                     | \$ -                   | <b>\$ 3,793</b>  |
| Cost of revenue                              | 1,388                                       | (93)                         | -                             | -   | -                             | -                       | (2)                      | -                      | 1,293            |
| <b>Gross profit</b>                          | <b>2,409</b>                                | <b>93</b>                    | -                             | <b>(4)</b>  | -                             | -                       | <b>2</b>                 | -                      | <b>2,500</b>     |
| Operating expenses:                          |   |                              |                               |   |                               |                         |                          |                        |                  |
| Marketing and sales                          | 788   | -                            | -                             | -   | -                             | -                       | (30)                     | -                      | 758              |
| General and administrative                   | 354   | -                            | -                             | -   | -                             | -                       | (38)                     | -                      | 316              |
| Research and development                     | 1,153                                       | -                            | -                             | -   | -                             | -                       | (94)                     | -                      | 1,059            |
| Acquisition-related contingent consideration | (64)  | 64                           | -                             | -   | -                             | -                       | -                        | -                      | -                |
| Amortization of intangibles                  | 30  | (30)                         | -                             | -   | -                             | -                       | -                        | -                      | -                |
| Restructuring and other                      | 27  | -                            | -                             | -   | -                             | (27)                    | -                        | -                      | -                |
| Total operating expenses                     | <u>2,288</u>                                | <u>34</u>                    | -                             | -   | -                             | <u>(27)</u>             | <u>(162)</u>             | -                      | <u>2,133</u>     |
| <b>Operating income</b>                      | <b>121</b>                                  | <b>59</b>                    | -                             | <b>(4)</b>  | -                             | <b>27</b>               | <b>164</b>               | -                      | <b>367</b>       |
| Gain on strategic investments                | 39  | -                            | -                             | -   | (39)                          | -                       | -                        | -                      | -                |
| Interest and other income (expense), net     | (21)  | -                            | 20                            | -   | -                             | -                       | -                        | -                      | (1)              |
| Income before provision for income taxes     | 139   | 59                           | 20                            | (4)   | (39)                          | 27                      | 164                      | -                      | 366              |
| Provision for income taxes                   | 41  | -                            | -                             | -   | -                             | -                       | -                        | 61                     | 102              |
| <b>Net income</b>                            | <b>\$ 98</b>                                | <b>\$ 59</b>                 | <b>\$ 20</b>                  | <b>\$ (4)</b>   | <b>\$ (39)</b>                | <b>\$ 27</b>            | <b>\$ 164</b>            | <b>\$ (61)</b>         | <b>\$ 264</b>    |

# Q4 FY14 EBITDA Reconciliation



The following table provides a reconciliation of the non-GAAP financial measures regarding Electronic Arts' Earnings Before Interest, Taxes, Depreciation, Amortization and Stock-based Compensation ("EBITDA") to the nearest comparable GAAP financial measures.

Three Months Ended March 31, 2014

|   | GAAP<br>Results | Acquisition-<br>related<br>expenses | Change in<br>deferred net<br>revenue<br>(online-<br>enabled<br>games) | College<br>football<br>settlement<br>expenses | Restructuring<br>and other | Stock-Based<br>compensation | Non-GAAP<br>Results |
|---|-----------------|-------------------------------------|---|---|----------------------------|-----------------------------|---------------------|
| Operating income                                | \$ 344          | \$ 21                               | \$ (209)  | \$ 8  | \$ 1                       | \$ 39                       | \$ 204              |
| Adjustments:                                    |                 |                                     |   |   |                            |                             |                     |
| Stock-based compensation                        | 39              | -                                   | -   | -   | -                          | (39)                        | -                   |
| Depreciation                                    | 31              | -                                   | -   | -   | -                          | -                           | 31                  |
| Amortization of acquisition-related intangibles | 19              | (19)                                | -   | -   | -                          | -                           | -                   |
| Total adjustments                               | 89              | (19)                                | -   | -   | -                          | (39)                        | 31                  |
| <b>EBITDA</b>                                   | <b>\$ 433</b>   | <b>\$ 2</b>                         | <b>\$ (209)</b>   | <b>\$ 8</b>                                   | <b>\$ 1</b>                | <b>\$ -</b>                 | <b>\$ 235</b>       |

# Q4 FY13 EBITDA Reconciliation



The following table provides a reconciliation of the non-GAAP financial measures regarding Electronic Arts' Earnings Before Interest, Taxes, Depreciation, Amortization and Stock-based Compensation ("EBITDA") to the nearest comparable GAAP financial measures.

|  | Three Months Ended March 31, 2013 |                              |   |                          |                  |
|--|-----------------------------------|------------------------------|---|--------------------------|------------------|
|  | GAAP Results                      | Acquisition-related expenses | Change in Deferred Net Revenue (online-enabled games) | Stock-Based compensation | Non-GAAP Results |
| Operating income   | \$ 309                            | \$ 51                        | \$ (169)  | \$ 42                    | \$ 233           |
| Adjustments:   |                                   |                              |   |                          |                  |
| Stock-based compensation                                     | 42                                | -                            | -   | (42)                     | -                |
| Depreciation   | 31                                | -                            | -   | -                        | 31               |
| Amortization of acquisition-related intangibles <sup>1</sup> | 50                                | (50)                         | -   | -                        | -                |
| Total adjustments  | 123                               | (50)                         | -   | (42)                     | 31               |
| <b>EBITDA</b>  | <b>\$ 432</b>                     | <b>\$ 1</b>                  | <b>\$ (169)</b>                                       | <b>\$ -</b>              | <b>\$ 264</b>    |

<sup>1</sup> Includes \$31 million impairment of acquisition-related intangible assets.

# FY14 EBITDA Reconciliation



The following table provides a reconciliation of the non-GAAP financial measures regarding Electronic Arts' EBITDA to the nearest comparable GAAP financial measures.

|   | Twelve Months Ended March 31, 2014 |                              |   |                                      |                         |                          |                  |
|---|------------------------------------|------------------------------|---|--------------------------------------|-------------------------|--------------------------|------------------|
|   | GAAP Results                       | Acquisition-related expenses | Change in deferred net revenue (online-enabled games) | College football settlement expenses | Restructuring and other | Stock-Based compensation | Non-GAAP Results |
| Operating income                                | \$ 33                              | \$ 41                        | \$ 446  | \$ 48                                | \$ (1)                  | \$ 150                   | \$ 717           |
| Adjustments:                                    |                                    |                              |   |                                      |                         |                          |                  |
| Stock-based compensation                        | 150                                | -                            | -   | -                                    | -                       | (150)                    | -                |
| Depreciation                                    | 126                                | -                            | -   | -                                    | -                       | -                        | 126              |
| Amortization of acquisition-related intangibles | 76                                 | (76)                         | -   | -                                    | -                       | -                        | -                |
| Total adjustments                               | 352                                | (76)                         | -   | -                                    | -                       | (150)                    | 126              |
| <b>EBITDA</b>                                   | <b>\$ 385</b>                      | <b>\$ (35)</b>               | <b>\$ 446</b>   | <b>\$ 48</b>                         | <b>\$ (1)</b>           | <b>\$ -</b>              | <b>\$ 843</b>    |

# FY13 EBITDA Reconciliation



The following table provides a reconciliation of the non-GAAP financial measures regarding Electronic Arts' EBITDA to the nearest comparable GAAP financial measures.

|  | Twelve Months Ended March 31, 2013 |                              |   |                         |                          |                  |
|--|------------------------------------|------------------------------|---|-------------------------|--------------------------|------------------|
|  | GAAP Results                       | Acquisition-related expenses | Change in Deferred Net Revenue (online-enabled games) | Restructuring and other | Stock-Based compensation | Non-GAAP Results |
| Operating income   | \$ 121                             | \$ 59                        | \$ (4)  | \$ 27                   | \$ 164                   | \$ 367           |
| Adjustments:   |                                    |                              |   |                         |                          |                  |
| Stock-based compensation                                     | 164                                | -                            | -   | -                       | (164)                    | -                |
| Depreciation   | 118                                | -                            | -   | -                       | -                        | 118              |
| Amortization of acquisition-related intangibles <sup>1</sup> | 123                                | (123)                        | -   | -                       | -                        | -                |
| Total adjustments  | 405                                | (123)                        | -   | -                       | (164)                    | 118              |
| <b>EBITDA</b>  | <b>\$ 526</b>                      | <b>\$ (64)</b>               | <b>\$ (4)</b>   | <b>\$ 27</b>            | <b>\$ -</b>              | <b>\$ 485</b>    |

<sup>1</sup> Includes \$39 million impairment of acquisition-related intangible assets.  
In millions.



# Q1 FY15 Guidance Reconciliation



The following table provides a reconciliation of the non-GAAP financial measures regarding Electronic Arts' Q1 FY15 guidance to the nearest comparable GAAP financial measures. These are preliminary estimates and expectations based on current information as of May 6, 2014 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 and<br/>Amortization</u> | <u>Amortization of<br/>Debt Discount</u> | <u>Change in<br/>Deferred Net<br/>Revenue (online-<br/>enabled games)</u> | <u>Stock-Based<br/>Compensation</u> | <u>Tax<br/>Adjustments</u> | <u>Non-GAAP<br/>Guidance</u> |
|--|--------------------------|---|--|---|-------------------------------------|----------------------------|------------------------------|
| <b>Approximate Net Revenue</b>           | \$ 1,200                 |   |  | (500)   |                                     |                            | \$ 700                       |
| <b>Approximate Gross Margin %</b>        | 79.6%                    | 1.2%  |  | (13.8%)   |                                     |                            | 67.0%                        |
| <b>Approximate Operating Expense</b>     | \$ 524                   | (4)   |  |   | (35)                                |                            | \$ 485                       |
| <b>Approximate Tax Expense (Benefit)</b> | \$ 15                    |   |  |   |                                     | (20)                       | \$ (5)                       |
| <b>Net Income (Loss)</b>                 | \$ 406                   | 18  | 5  | (500)   | 35                                  | 20                         | \$ (16)                      |
| <b>Earnings (Loss) Per Share</b>         | \$ 1.26                  |   |  |   |                                     |                            | \$ (0.05)                    |
| Diluted shares (Basic for Loss)          | 322                      |   |  |   |                                     |                            | 313                          |

In millions, except per share data.

These forward-looking statements are valid as of May 6, 2014 only.

Electronic Arts assumes no obligation to update these forward-looking statements.

# FY15 Guidance Reconciliation



The following table provides a reconciliation of the non-GAAP financial measures regarding Electronic Arts' FY15 guidance to the nearest comparable GAAP financial measures. These are preliminary estimates and expectations based on current information as of May 6, 2014 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 and<br/>Amortization</u> | <u>Amortization of<br/>Debt Discount</u> | <u>Change in<br/>Deferred Net<br/>Revenue (online-<br/>enabled games)</u> | <u>Restructuring</u> | <u>Stock-Based<br/>Compensation</u> | <u>Tax<br/>Adjustments</u> | <u>Non-GAAP<br/>Guidance</u> |
|--|--------------------------|---|--|---|----------------------|-------------------------------------|----------------------------|------------------------------|
| <i>Approximate Net Revenue</i>           | \$ 4,375                 |   |  | (275)   |                      |                                     |                            | \$ 4,100                     |
| <i>Approximate Gross Margin %</i>        | 69.2%                    | 1.3%  |  | -2.0%   |                      |                                     |                            | 68.5%                        |
| <i>Approximate Operating Expense</i>     | \$ 2,168                 | (15)  |  |   | (3)                  | (150)                               |                            | \$ 2,000                     |
| <i>Approximate Tax Expense (Benefit)</i> | \$ 60                    |   |  |   |                      |                                     | 141                        | \$ 201                       |
| <i>Net Income (Loss)</i>                 | \$ 774                   | 70  | 22                                       | (275)   | 3                    | 150                                 | (141)                      | \$ 603                       |
| <i>Earnings (Loss) Per Share</i>         | \$ 2.37                  |   |  |   |                      |                                     |                            | \$ 1.85                      |
| Diluted shares (Basic for Loss)          | 326                      |   |  |   |                      |                                     |                            | 326                          |

In millions, except per share data.

These forward-looking statements are valid as of May 6, 2014 only.

Electronic Arts assumes no obligation to update these forward-looking statements.