



**Supplemental Financial Information**  
**Third Quarter Fiscal 2007**  
**December 31, 2006**

**ELECTRONIC ARTS INC. AND SUBSIDIARIES**  
**Reconciliation of GAAP to Non-GAAP Unaudited Condensed Consolidated Statements of Operations**  
(in millions, except per share data)

**GAAP and Non-GAAP Results (in millions, except per share data)**

The following tables reconcile the Company's Unaudited Condensed Consolidated Statements of Operations as prepared in accordance with GAAP to its non-GAAP Unaudited Condensed Consolidated Statements of Operations. The Company's non-GAAP results exclude acquisition-related expenses (consisting of acquired in-process technology and amortization of intangibles), stock-based compensation, restructuring charges, and other charges, if any (consisting of asset impairment charges, certain litigation expenses and other-than-temporary impairment of investments in affiliates). In addition, the Company's non-GAAP results exclude income tax adjustments consisting of the income tax expense associated with the foregoing excluded items and the impact of one-time income tax adjustments.

	Three Months Ended December 31, 2006						Non-GAAP Results
	GAAP Results	Change in Deferred Net Revenue <sup>(a)</sup>	Acquisition-Related Expenses	Stock-Based Compensation	Restructuring Charges	Income Tax Adjustments	
<b>Net revenue</b>	\$ 1,281	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,281
Cost of goods sold	470	-	(7)	-	-	-	463
<b>Gross profit</b>	<b>811</b>	<b>-</b>	<b>7</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>818</b>
Operating expenses:							
Marketing and sales	165	-	-	(5)	-	-	160
General and administrative	91	-	-	(10)	-	-	81
Research and development	330	-	-	(20)	-	-	310
Amortization of intangibles	7	-	(7)	-	-	-	-
Acquired in-process technology	1	-	(1)	-	-	-	-
Restructuring charges	2	-	-	-	(2)	-	-
Total operating expenses	596	-	(8)	(35)	(2)	-	551
<b>Operating income</b>	<b>215</b>	<b>-</b>	<b>15</b>	<b>35</b>	<b>2</b>	<b>-</b>	<b>267</b>
Interest and other income, net	25	-	-	-	-	-	25
Income before provision for income taxes and minority interest	240	-	15	35	2	-	292
Provision for income taxes	84	-	-	-	-	11	95
Income before minority interest	156	-	15	35	2	(11)	197
Minority interest	4	-	-	-	-	-	4
<b>Net income</b>	<b>\$ 160</b>	<b>\$ -</b>	<b>\$ 15</b>	<b>\$ 35</b>	<b>\$ 2</b>	<b>\$ (11)</b>	<b>\$ 201</b>
<b>Earnings per share:</b>							
Basic	\$ 0.52						\$ 0.65
Diluted	\$ 0.50						\$ 0.63
<b>Number of shares used in computation:</b>							
Basic	309						309
Diluted	319						319

  

	Three Months Ended December 31, 2005						Non-GAAP Results
	GAAP Results	Change in Deferred Net Revenue <sup>(a)</sup>	Acquisition-Related Expenses	Stock-Based Compensation	Restructuring Charges	Income Tax Adjustments	
<b>Net revenue</b>	\$ 1,270	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,270
Cost of goods sold	502	-	(2)	-	-	-	500
<b>Gross profit</b>	<b>768</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>770</b>
Operating expenses:							
Marketing and sales	147	-	-	-	-	-	147
General and administrative	58	-	-	-	-	-	58
Research and development	206	-	-	-	-	-	206
Amortization of intangibles	1	-	(1)	-	-	-	-
Acquired in-process technology	-	-	-	-	-	-	-
Restructuring charges	9	-	-	-	(9)	-	-
Total operating expenses	421	-	(1)	-	(9)	-	411
<b>Operating income</b>	<b>347</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>9</b>	<b>-</b>	<b>359</b>
Interest and other income, net	20	-	-	-	-	-	20
Income before provision for income taxes and minority interest	367	-	3	-	9	-	379
Provision for income taxes	106	-	-	-	-	3	109
Income before minority interest	261	-	3	-	9	(3)	270
Minority interest	(2)	-	-	-	-	-	(2)
<b>Net income</b>	<b>\$ 259</b>	<b>\$ -</b>	<b>\$ 3</b>	<b>\$ -</b>	<b>\$ 9</b>	<b>\$ (3)</b>	<b>\$ 268</b>
<b>Earnings per share:</b>							
Basic	\$ 0.86						\$ 0.89
Diluted	\$ 0.83						\$ 0.86
<b>Number of shares used in computation:</b>							
Basic	301						301
Diluted	311						311

<sup>(a)</sup> Effective April 1, 2007, the Company intends, on a prospective basis, to reflect the change in its deferred net revenue balance in its non-GAAP financial measures.

**ELECTRONIC ARTS INC. AND SUBSIDIARIES**  
**Reconciliation of GAAP to Non-GAAP Unaudited Condensed Consolidated Statements of Operations**  
(in millions, except per share data)

**GAAP and Non-GAAP Results (in millions, except per share data)**

The following tables reconcile the Company's Unaudited Condensed Consolidated Statements of Operations as prepared in accordance with GAAP to its non-GAAP Unaudited Condensed Consolidated Statements of Operations. The Company's non-GAAP results exclude acquisition-related expenses (consisting of acquired in-process technology and amortization of intangibles), stock-based compensation, restructuring charges, and other charges, if any (consisting of asset impairment charges, certain litigation expenses and other-than-temporary impairment of investments in affiliates). In addition, the Company's non-GAAP results exclude income tax adjustments consisting of the income tax expense associated with the foregoing excluded items and the impact of one-time income tax adjustments.

Nine Months Ended December 31, 2006								
	GAAP Results	Change in Deferred Net Revenue <sup>(a)</sup>	Acquisition- Related Expenses	Stock-Based Compensation	Restructuring Charges	Other	Income Tax Adjustments	Non-GAAP Results
<b>Net revenue</b>	\$ 2,478	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,478
Cost of goods sold	977	-	(20)	(1)	-	-	-	956
<b>Gross profit</b>	<b>1,501</b>	<b>-</b>	<b>20</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,522</b>
Operating expenses:								
Marketing and sales	350	-	-	(14)	-	-	-	336
General and administrative	222	-	-	(30)	-	-	-	192
Research and development	783	-	-	(60)	-	-	-	723
Amortization of intangibles	20	-	(20)	-	-	-	-	-
Acquired in-process technology	3	-	(3)	-	-	-	-	-
Restructuring charges	12	-	-	-	(12)	-	-	-
Total operating expenses	1,390	-	(23)	(104)	(12)	-	-	1,251
<b>Operating income</b>	<b>111</b>	<b>-</b>	<b>43</b>	<b>105</b>	<b>12</b>	<b>-</b>	<b>-</b>	<b>271</b>
Interest and other income, net	69	-	-	-	-	-	-	69
Income before provision for income taxes and minority interest	180	-	43	105	12	-	-	340
Provision for income taxes	83	-	-	-	-	-	33	116
Income before minority interest	97	-	43	105	12	-	(33)	224
Minority interest	4	-	-	-	-	-	-	4
<b>Net income</b>	<b>\$ 101</b>	<b>\$ -</b>	<b>\$ 43</b>	<b>\$ 105</b>	<b>\$ 12</b>	<b>\$ -</b>	<b>\$ (33)</b>	<b>\$ 228</b>
<b>Earnings per share:</b>								
Basic	\$ 0.33							\$ 0.74
Diluted	\$ 0.32							\$ 0.72
<b>Number of shares used in computation:</b>								
Basic	307							307
Diluted	316							316

  

Nine Months Ended December 31, 2005								
	GAAP Results	Change in Deferred Net Revenue <sup>(a)</sup>	Acquisition- Related Expenses	Stock-Based Compensation	Restructuring Charges	Other <sup>(b)</sup>	Income Tax Adjustments	Non-GAAP Results
<b>Net revenue</b>	\$ 2,310	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,310
Cost of goods sold	937	-	(6)	-	-	-	-	931
<b>Gross profit</b>	<b>1,373</b>	<b>-</b>	<b>6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,379</b>
Operating expenses:								
Marketing and sales	329	-	-	-	-	-	-	329
General and administrative	160	-	-	-	-	(1)	-	159
Research and development	571	-	-	(1)	-	-	-	570
Amortization of intangibles	3	-	(3)	-	-	-	-	-
Acquired in-process technology	-	-	-	-	-	-	-	-
Restructuring charges	9	-	-	-	(9)	-	-	-
Total operating expenses	1,072	-	(3)	(1)	(9)	(1)	-	1,058
<b>Operating income</b>	<b>301</b>	<b>-</b>	<b>9</b>	<b>1</b>	<b>9</b>	<b>1</b>	<b>-</b>	<b>321</b>
Interest and other income, net	49	-	-	-	-	-	-	49
Income before provision for income taxes and minority interest	350	-	9	1	9	1	-	370
Provision for income taxes	93	-	-	-	-	-	14	107
Income before minority interest	257	-	9	1	9	1	(14)	263
Minority interest	(5)	-	-	-	-	-	-	(5)
<b>Net income</b>	<b>\$ 252</b>	<b>\$ -</b>	<b>\$ 9</b>	<b>\$ 1</b>	<b>\$ 9</b>	<b>\$ 1</b>	<b>\$ (14)</b>	<b>\$ 258</b>
<b>Earnings per share:</b>								
Basic	\$ 0.83							\$ 0.85
Diluted	\$ 0.80							\$ 0.82
<b>Number of shares used in computation:</b>								
Basic	304							304
Diluted	315							315

<sup>(a)</sup> Effective April 1, 2007, the Company intends, on a prospective basis, to reflect the change in its deferred net revenue balance in its non-GAAP financial measures.

<sup>(b)</sup> Other includes certain litigation expenses of \$1 million in the nine months ended December 31, 2005

## **Note on Use of 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 gross profit, non-GAAP operating income (loss), non-GAAP net income (loss) and non-GAAP diluted earnings (loss) per share. These non-GAAP financial measures exclude the following items from the Company's statement of operations: acquired in-process technology; amortization of intangibles; certain litigation expense; restructuring charges; stock-based compensation; and income tax adjustments (consisting of the tax effect of the items listed above and certain one-time tax adjustments). In addition, Electronic Arts may consider whether other significant items that arise in the future should also be excluded from the non-GAAP financial measures it uses. For example, beginning in fiscal 2008, Electronic Arts intend to include non-GAAP net revenue in its non-GAAP measures.*

*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 and when planning, forecasting and analyzing future periods. These non-GAAP financial measures also facilitate comparisons of the Company's performance to prior periods. Electronic Arts further believes that where the adjustments used in calculating non-GAAP operating income (loss), non-GAAP net income (loss) and non-GAAP diluted earnings (loss) per share are based on specific, identifiable charges that impact different line items in the Company's statements of operations (including cost of goods sold, marketing and sales, general and administrative, research and development expense and income tax expense), that it is useful for investors to understand how these specific line items are affected by these adjustments.*