



Electronic Arts Inc. Q4 FY 2011 Results

May 4, 2011

Safe Harbor Statement

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



- Some statements set forth in this document, including the estimates relating to EA's fiscal year 2012 guidance information and fiscal year 2012 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 general health of the U.S. and global economy and the related impact on discretionary consumer spending; fluctuations in foreign exchange rates; consumer spending trends; the Company's ability to manage expenses; the competition in the interactive entertainment industry; the effectiveness of the Company's sales and marketing programs; timely development and release of Electronic Arts' products; the consumer demand for, and the availability of an adequate supply of console hardware units (including the Xbox 360[®] video game and entertainment system, the PlayStation[®]3 computer entertainment system and the Wii[™]); the Company's ability to predict consumer preferences among competing platforms; the financial impact of acquisitions by EA; the Company's ability to realize the anticipated benefits of acquisitions; the seasonal and cyclical nature of the interactive game segment; the Company's ability to attract and retain key personnel; changes in the Company's effective tax rates; the performance of strategic investments; the impact of certain accounting requirements, such as the Company's ability to estimate and recognize goodwill impairment charges and determine deferred tax valuation allowances; 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; the Company's ability to secure licenses to valuable entertainment properties on favorable terms; the stability of the Company's key customers, and other factors described in the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended December 31, 2010.
- These forward-looking statements are valid as of May 4, 2011 only.
- Electronic Arts assumes no obligation and does not intend to update these forward-looking statements. In addition, the preliminary financial results set forth in this document are estimates based on information currently available to Electronic Arts. While Electronic Arts believes these estimates are meaningful, they could differ from the actual amounts that Electronic Arts ultimately reports in its Annual Report on Form 10-K for the fiscal year ended March 31, 2011. Electronic Arts assumes no obligation and does not intend to update these estimates prior to filing its Form 10-K for the fiscal year ended March 31, 2011.
- In addition, this presentation includes various third party estimates regarding the total available segment and other measures, which do not necessarily reflect the view of Electronic Arts. Further, Electronic Arts does not guarantee the accuracy or reliability of any such information or forecast.

Q4 Summary¹

Non-GAAP Revenue Exceeds Guidance



Frontline: *As expected, driven by Crysis 2, Dead Space 2 and Dragon Age 2*

Catalogue: *Above expectations, led by FIFA 11, Battlefield: Bad Company 2*

Digital²: *Above expectations, driven by downloadable content (DLC)*

OpEx: *Above expectations on higher R&D and compensation*

Outlook: *FY12 guidance is consistent with prior comments*

Capital: *Repurchased 3.1 million shares for \$58 million as of March 31, 2011*

¹ On a non-GAAP basis.

² Q4 FY11 includes approximately \$27 million of Digital revenue that the Company does not anticipate in future quarters.

Financial Summary



	GAAP		Non-GAAP	
	Q4 FY10	Q4 FY11	Q4 FY10	Q4 FY11 ¹
Net revenue (\$, millions)	979	1,090	850	995
Net revenue at Q4 FY10 FX rates (\$, millions)		1,101		986
Gross profit margin	69.6%	69.9%	65.2%	67.3%
Diluted EPS	\$0.09	\$0.45	\$0.07	\$0.25
Headcount	7,842	7,645	7,842	7,645
Headcount in low cost locations	22%	22%	22%	22%
Operating cash flow (\$, millions)	253	253	253	253
TTM operating cash flow (\$, millions)	152	320	152	320
TTM Digital revenue (\$, millions)	522	743	570	833

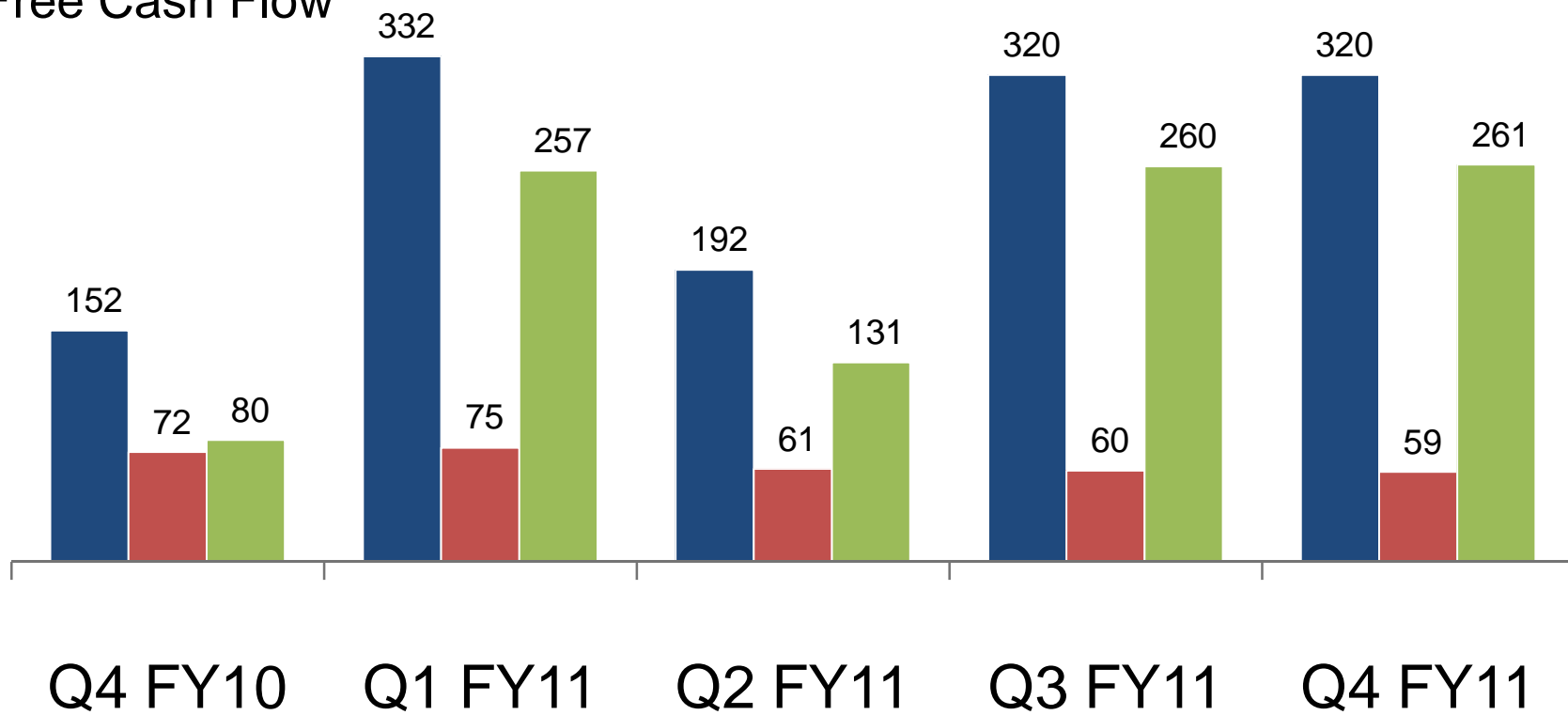
¹ Q4 FY11 includes approximately \$27 million of digital revenue that the Company does not anticipate in future quarters.

Cash Flow and Cap Ex¹



Trailing twelve months

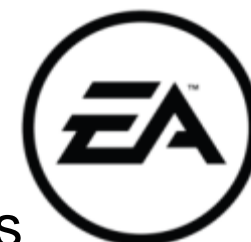
- Operating Cash Flow
- Capital Expenditures
- Free Cash Flow



¹ \$, in millions. Cap Ex and Free Cash Flow exclude the purchase of EA Redwood Shores in Q2 FY10.

Balance Sheet Highlights

Approximately \$6.70/share in cash and marketable securities



	Mar. 31, 2010	Mar. 31, 2011
Total Cash, Short-Term Investments, and Marketable Securities (\$, millions)	1,996	2,237
Debt	—	—
Inventories (\$, millions)	100	77
Non-GAAP Days Sales Outstanding (DSO)	45	58
Sales Returns and Allowances (SRA) as a percentage of:		
Trailing six month non-GAAP revenue	10%	13%
Trailing nine month non-GAAP revenue	6%	9%
Shares Repurchased during the Quarter (millions)	—	3.1
Share Repurchase Dollar Amount (\$, millions)	—	58
Amount Available for Repurchase (\$, millions)	—	542

EA Segment Share: Packaged Goods

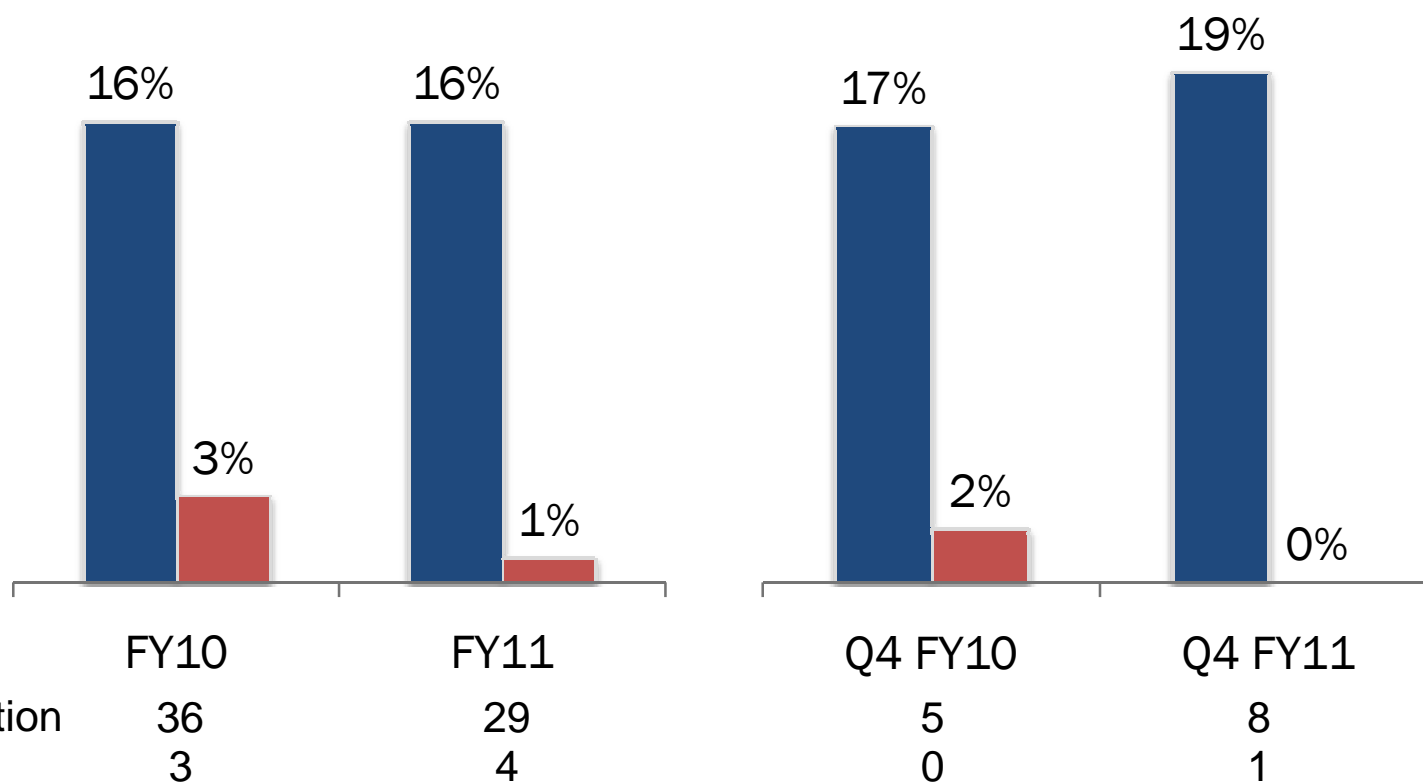


Western World (North America and Europe)

■ EA ex-Distribution
■ Distribution

Full Fiscal Year

Quarterly



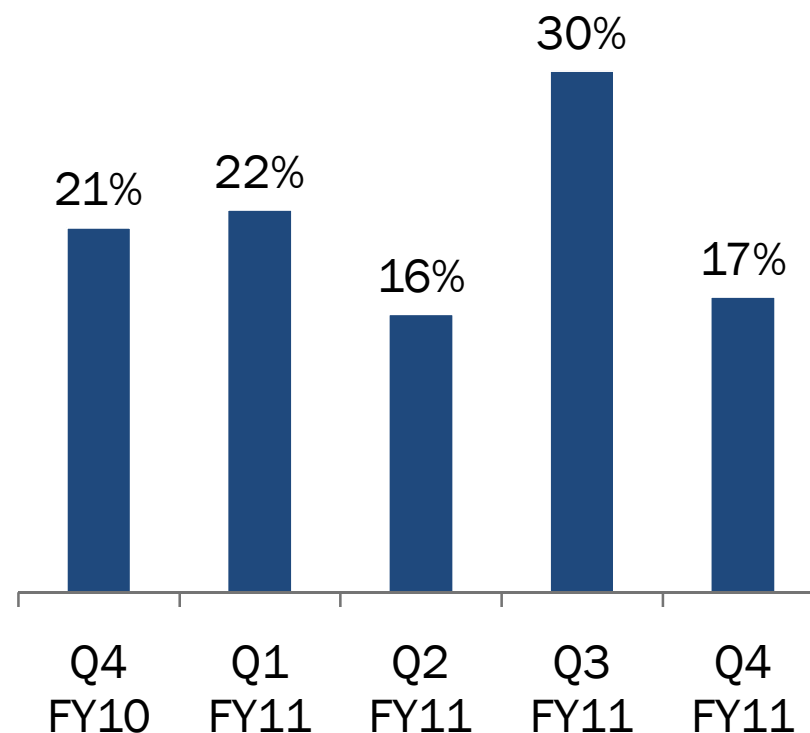
Packaged Goods: Catalogue



Key Catalogue Titles

- **Q4 FY11**
 - *FIFA 11, Battlefield: Bad Company 2, Need For Speed Hot Pursuit*
- **Q3 FY11**
 - *FIFA 11, Madden NFL 11*
- **Q2 FY11**
 - *Tiger PGA TOUR 11, Battlefield: Bad Company 2, The Sims 3, FIFA 10*
- **Q1 FY11**
 - *Battlefield: Bad Company 2, FIFA 10*
- **Q4 FY10**
 - *FIFA 10, The Sims 3, EA SPORTS Active*

Non-GAAP Catalogue Revenue % of Total Revenue

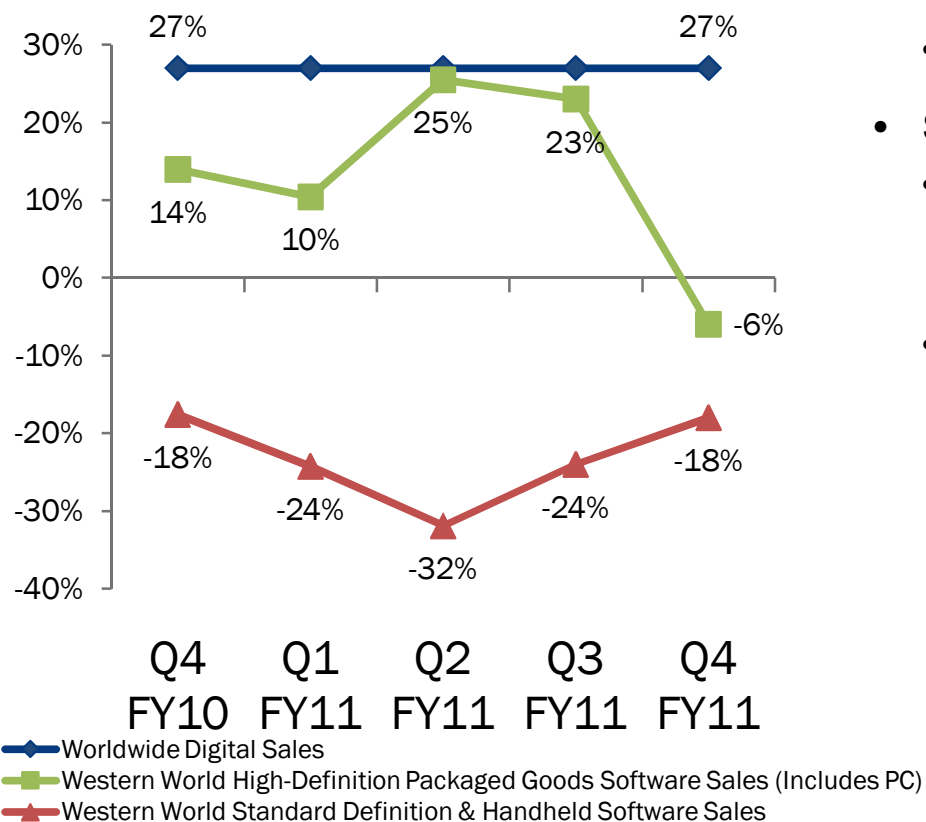


Interactive Entertainment

Growth from Digital and HD-Console Software



Year-Over-Year Segment Growth



Segment Performance Summary

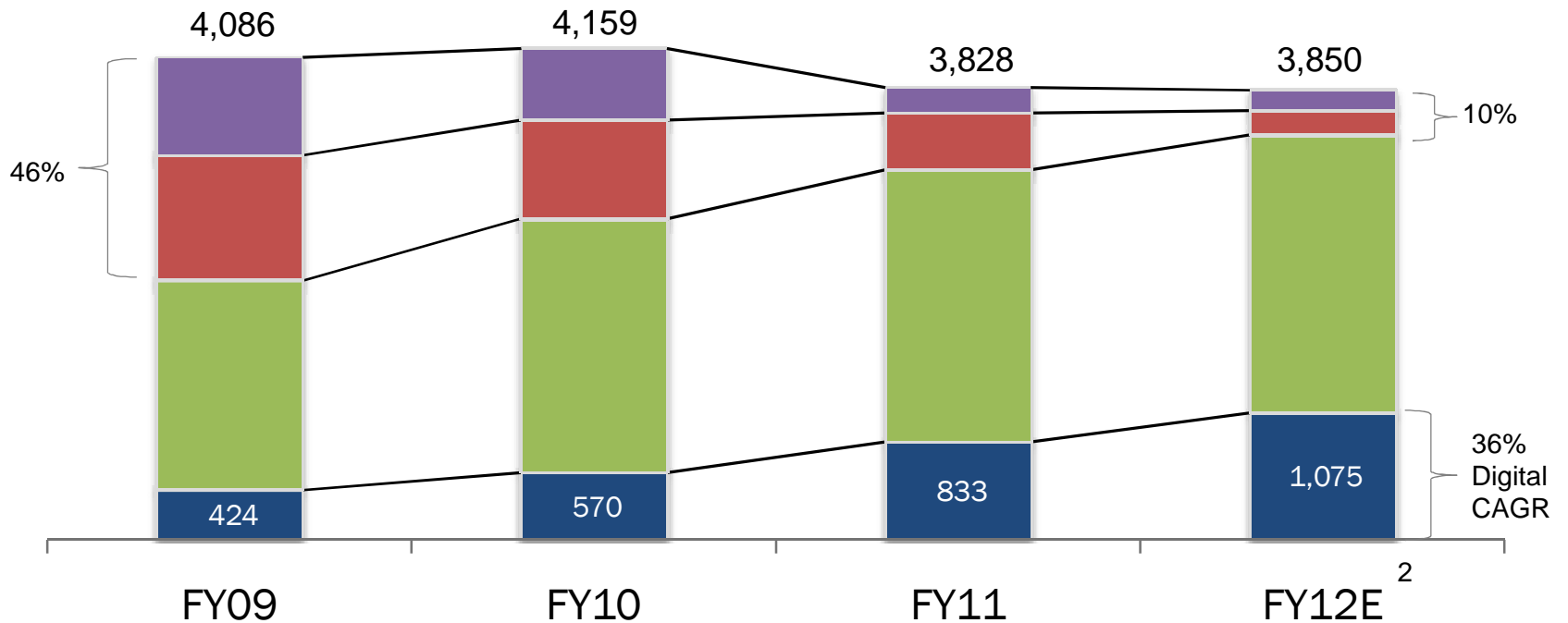
- Worldwide Interactive Entertainment
 - CY10 and Q4 FY11 up approximately 5%
 - Expect CY11 up 5-10%
- Sub-segments
 - Digital Sales
 - Worldwide: CY10 up approximately 27%
 - Worldwide: Expect CY11 up >20%
 - Western World HD-Console and PC Software Sales
 - Q4 FY11 down 6% driven by a change in Easter timing and the industry release slate
 - FY11 up 13% for the year
 - Expect CY11 up 4%

EA Segment Mix¹



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

- Distribution
- Standard-Definition Packaged Goods
- High-Definition Packaged Goods
- Digital



¹ \$, in millions, on a non-GAAP basis.

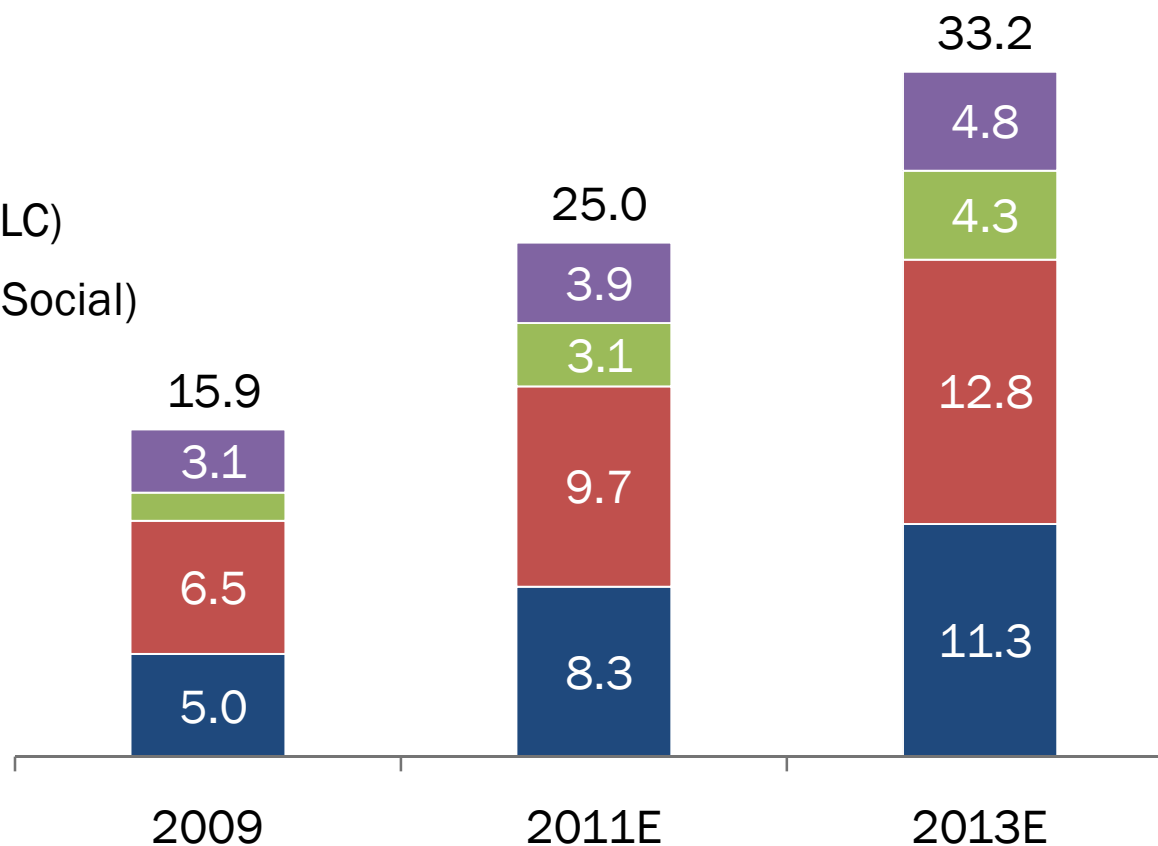
² At midpoint of non-GAAP FY12 Guidance. These forward-looking statements are valid as of May 4, 2011 only. Electronic Arts assumes no obligation and does not intend to update these forward-looking statements.

Worldwide Digital Segment

(\$, billions) Calendar Year Basis

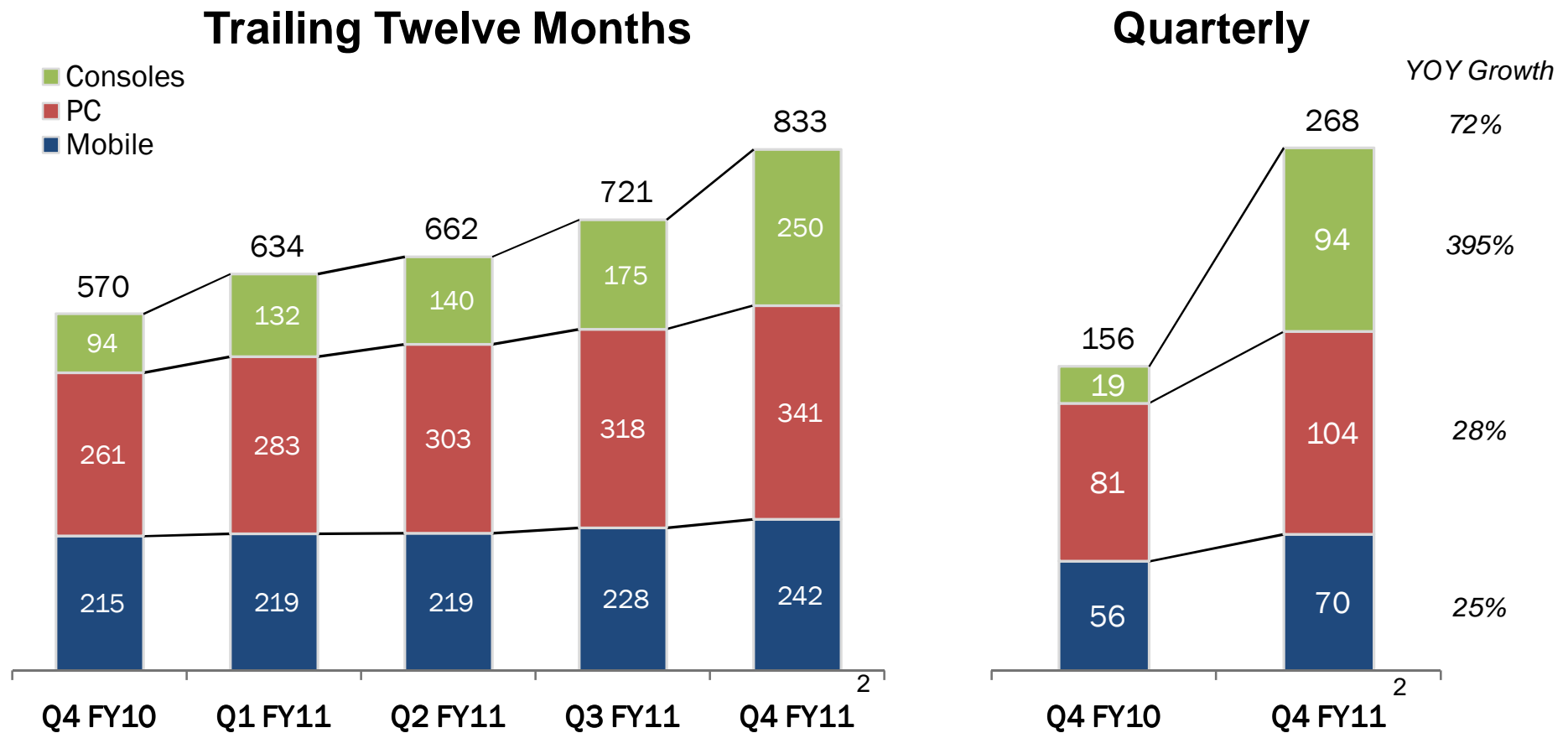


- Mobile, Handheld
- Console
- PC (MMO, Download, PDLC)
- PC (Free to Play, Casual, Social)



¹ Source: EA estimates.

EA Digital Revenue¹ by Platform



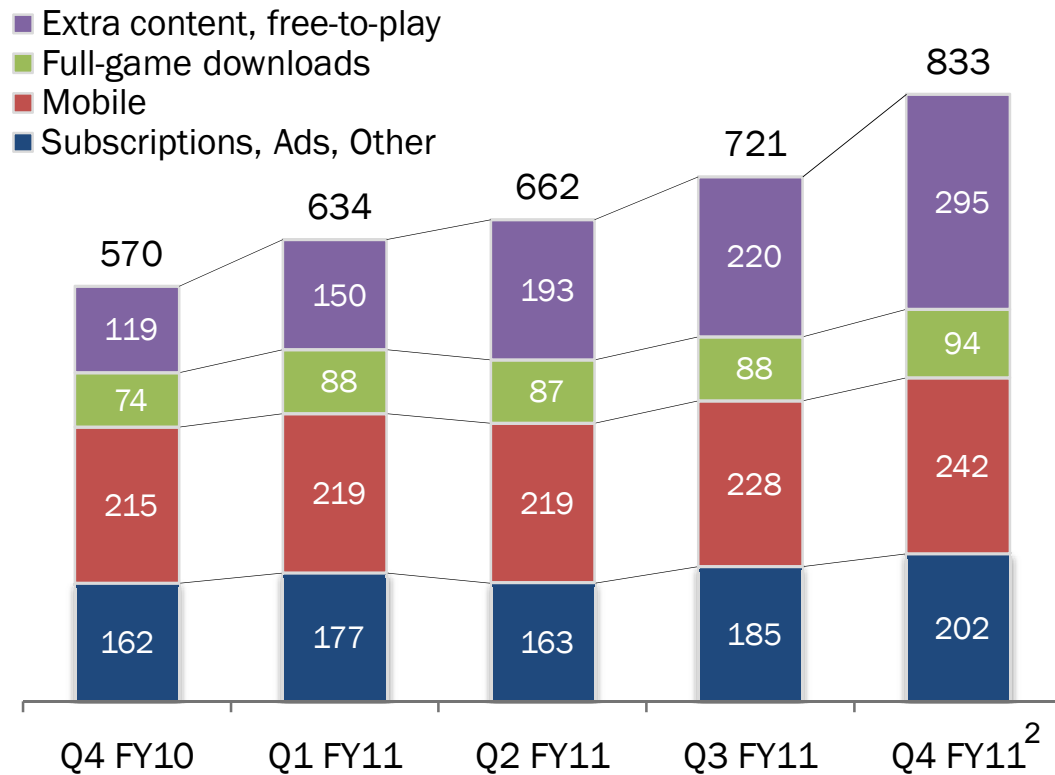
¹ In millions, on a non-GAAP basis. PC includes browser and Mobile includes Handhelds.

² Q4 FY11 includes approximately \$27 million of digital revenue that the Company does not anticipate in future quarters.

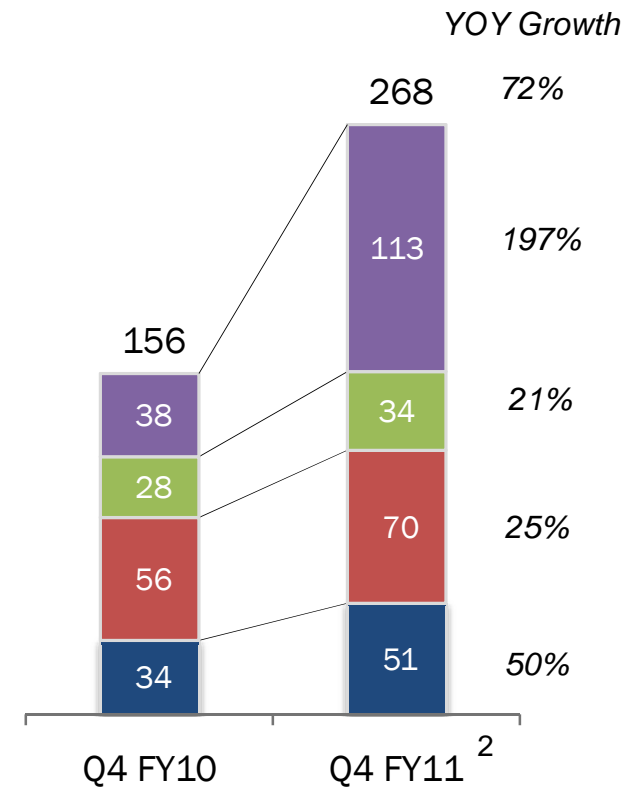
EA Digital Revenue¹ by Type



Trailing Twelve Months



Quarterly



¹ In millions, on a non-GAAP basis. PC includes browser and Mobile includes Handhelds.

² Q4 FY11 includes approximately \$27 million of digital revenue that the Company does not anticipate in future quarters.

EA Digital Revenue¹ by Title

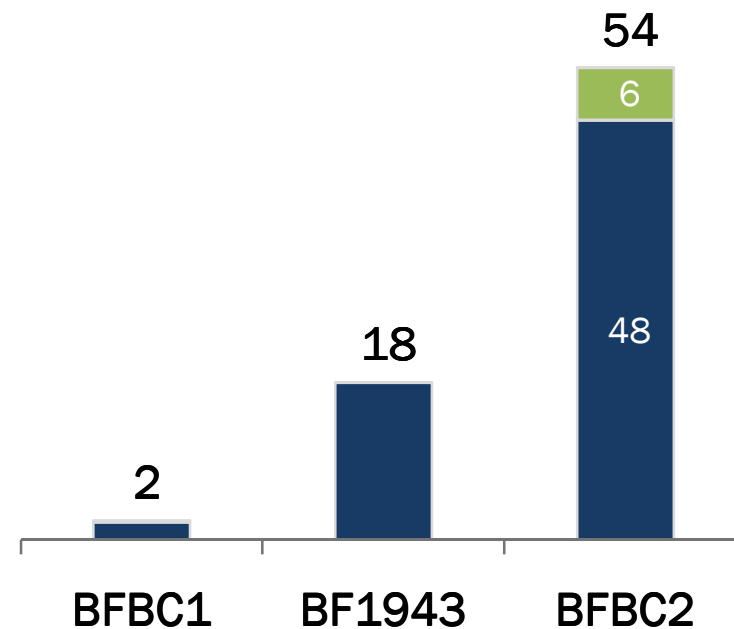
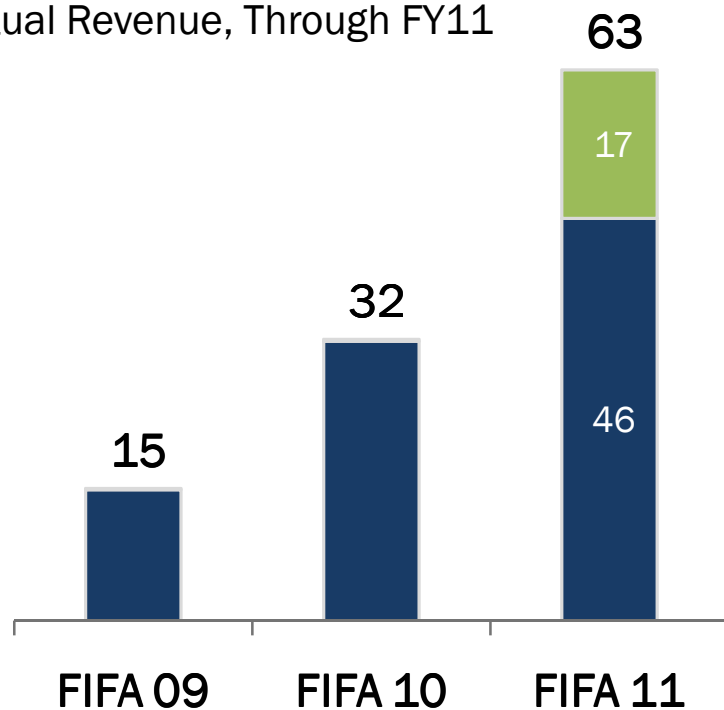


FIFA Digital Revenue

Battlefield Digital Revenue

■ Forecast, Through FY12

■ Actual Revenue, Through FY11



¹ \$, in millions, non-GAAP, as of May 4, 2011, based on actual data through FY11 and projected data through FY12.

Margin Structure

Trailing Twelve Months



	GAAP		Non-GAAP	
	FY10	FY11	FY10	FY11
Net revenue (\$, millions)	3,654	3,589	4,159	3,828
Gross profit margin	48.9%	58.2%	55.3%	61.2%
Marketing and sales expense	20.0%	20.8%	17.2%	19.0%
General and administrative expense	8.8%	8.4%	6.6%	6.8%
Research and development expense	33.5%	32.1%	26.8%	27.2%
Operating income margin	(18.8%)	(8.7%)	4.7%	8.2%
Net income margin	(18.5%)	(7.7%)	3.5%	6.1%



Guidance¹

FY12 Currency Assumptions

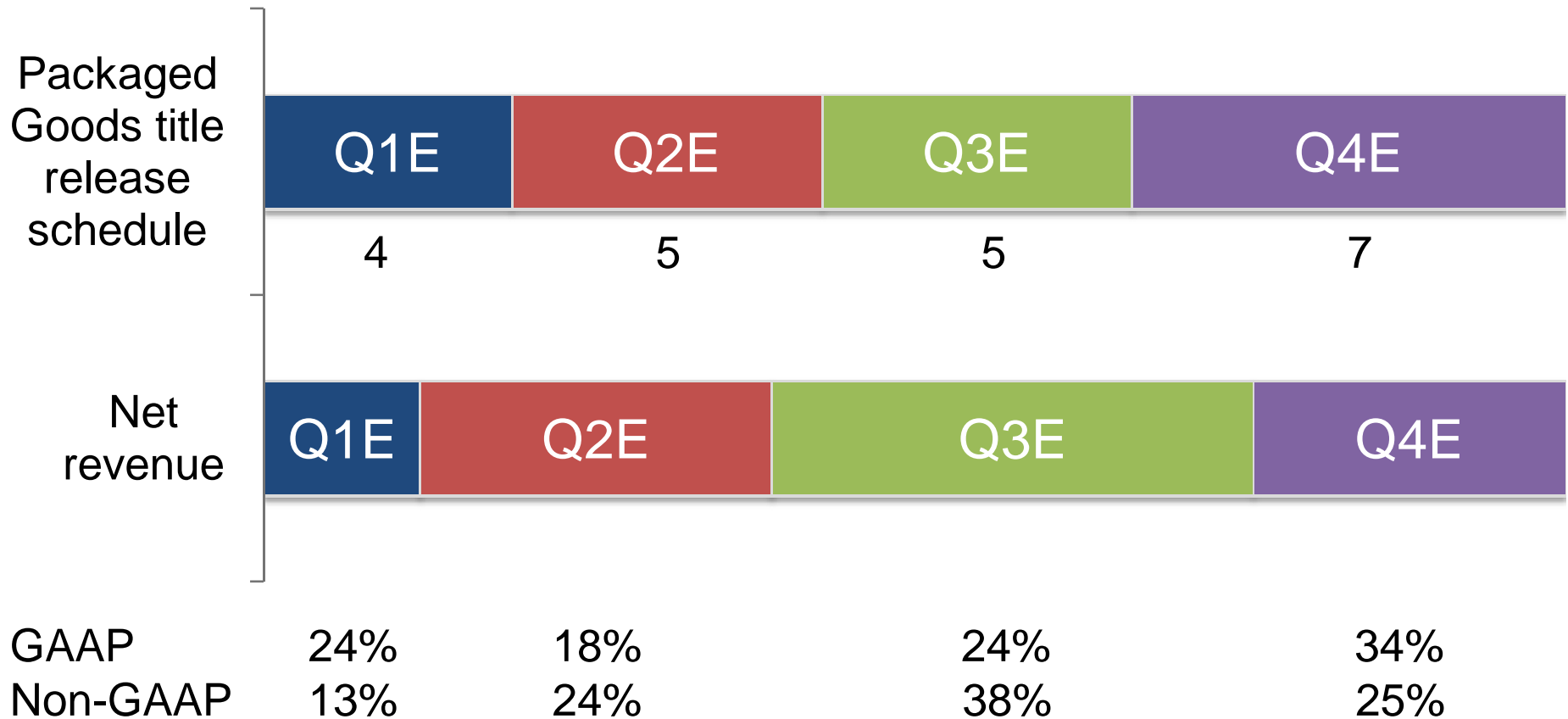
- **Exchange rates may remain volatile**
- **Current guidance FX assumptions:**
 - \$1.38 USD/Euro
 - EPS decreases if the Euro weakens v. USD
 - \$1.01 USD/Canadian Dollar
 - R&D costs increase if the Canadian Dollar strengthens v. USD
 - \$1.62 USD/British Pound Sterling
 - EPS decreases if the GBP weakens v. USD
- **Using spot exchange rates as of May 2, 2011:**
 - Approximately \$0.03 benefit to FY12 non-GAAP EPS
 - Approximately \$100 million benefit to FY12 non-GAAP net revenue

¹ These forward-looking statements are valid as of May 4, 2011 only. Electronic Arts assumes no obligation and does not intend to update these forward-looking statements.

Guidance – Revenue¹ Phasing



FY12 title release plan and quarterly revenue phasing



¹ These forward-looking statements are valid as of May 4, 2011 only. The Packaged Goods title release schedule excludes *Star Wars: The Old Republic*, which is expected to launch in either Q2 FY12 or Q3 FY12. Electronic Arts assumes no obligation and does not intend to update these forward-looking statements. The difference in GAAP and non-GAAP quarterly phasing is due to the change in deferred revenue (packaged goods and digital content).

Guidance – Full Year FY12

Ending March 31, 2012



	GAAP	Non-GAAP
Revenue (\$, millions)		
Publishing and Other revenue (\$, millions)	2,500 to 2,650	2,500 to 2,650
Distribution revenue (\$, millions)	200	200
Digital revenue (\$, millions)	1,000 to 1,050	1,050 to 1,100
Total Revenue (\$, millions)	3,700 to 3,900	3,750 to 3,950
Gross Profit Margin, approximate	62%	62 to 63%
Operating Expense (\$, millions)	2,250	2,050
Tax Expense (\$, millions)	Approximately 50	90 to 115
Net Income (\$, millions)	0 to 91	230 to 296
Earnings Per Share	\$0.00 to \$0.28	\$0.70 to \$0.90
Diluted Shares (millions)	329	329
Operating Cash Flow (\$, millions)	250 to 300	250 to 300

These forward-looking statements are valid as of May 4, 2011 only.

Electronic Arts assumes no obligation and does not intend to update these forward-looking statements.

Guidance – Q1 FY12

Ending June 30, 2011



	GAAP	Non-GAAP
Net Revenue (\$, millions)	910 to 950	460 to 500
Gross Profit Margin, approximate	75% to 76%	54%
Operating Expense (\$, millions), approximate	530	470
Tax Expense / (Benefit) (\$, millions)	12	(63) to (56)
Net Income / (Loss) (\$, millions)	148 to 177	(161) to (144)
Earnings Per Share / (Loss)	\$0.44 to \$0.53	\$(0.49) to \$(0.44)
Diluted Shares (millions)	334	330

These forward-looking statements are valid as of May 4, 2011 only.

Electronic Arts assumes no obligation and does not intend to update these forward-looking statements.



Supplemental Financial Information

Non-GAAP Financial Measures



- To supplement the Company's unaudited condensed consolidated financial statements presented in accordance with GAAP, Electronic Arts uses certain non-GAAP measures of financial performance. The presentation of these non-GAAP financial measures is not intended to be considered in isolation from, as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP, and may be different from non-GAAP financial measures used by other companies. In addition, these non-GAAP measures have limitations in that they do not reflect all of the amounts associated with the Company's results of operations as determined in accordance with GAAP. The non-GAAP financial measures used by Electronic Arts include: non-GAAP net revenue, non-GAAP gross profit, non-GAAP operating income (loss), non-GAAP net income (loss) and historical and estimated non-GAAP diluted earnings (loss) per share. These non-GAAP financial measures exclude the following items, as applicable in a given reporting period, from the Company's unaudited condensed consolidated statements of operations:
 - Acquisition-related expenses
 - Change in deferred net revenue (packaged goods and digital content)
 - Loss on lease obligation (G&A) and facilities acquisition
 - Loss on licensed intellectual property commitment (COGS)
 - Gain (loss) on strategic investments
 - Restructuring charges
 - Stock-based compensation
 - Income tax adjustments

The Company uses a fixed, long-term projected tax rate of 28 percent internally to evaluate its operating performance, to forecast, plan and analyze future periods, and to assess the performance of its management team. Accordingly, the Company has applied the same 28 percent tax rate to its non-GAAP financial results.

- Electronic Arts may consider whether other significant non-recurring items that arise in the future should also be excluded in calculating the non-GAAP financial measures it uses. Electronic Arts believes that these non-GAAP financial measures, when taken together with the corresponding GAAP financial measures, provide meaningful supplemental information regarding the Company's performance by excluding certain items that may not be indicative of the Company's core business, operating results or future outlook. Electronic Arts' management uses, and believes that investors benefit from referring to, these non-GAAP financial measures in assessing the Company's operating results both as a consolidated entity and at the business unit level, as well as when planning, forecasting and analyzing future periods. These non-GAAP financial measures also facilitate comparisons of the Company's performance to prior periods. In its earnings press release dated May 4, 2011, Electronic Arts has provided a reconciliation of the most comparable GAAP financial measure to the historical non-GAAP measures.

Q4 FY11 Reconciliation



GAAP to Non-GAAP Unaudited Condensed Consolidated Statement of Operations

Three Months Ended March 31, 2011

	GAAP Results	% of Revenue	Acquisition- related expenses	Change in Deferred Net Revenue (Packaged Goods and Digital Content)	Restructuring charges	Stock-Based Compensation	Income Tax Adjustments	Non-GAAP Results	% of Revenue
Net revenue	\$ 1,090		\$ -	\$ (95)	\$ -	\$ -	\$ -	\$ 995	
Cost of goods sold	328	30.1%	(3)	-	-	-	-	325	32.7%
Gross profit	762	69.9%	3	(95)	-	-	-	670	67.3%
Operating expenses:									
Marketing and sales	194	17.8%	-	-	-	(5)	-	189	19.0%
General and administrative	75	6.9%	-	-	-	(8)	-	67	6.7%
Research and development	328	30.1%	-	-	-	(25)	-	303	30.4%
Acquisition-related contingent consideration	8	0.7%	(8)	-	-	-	-	-	-
Amortization of intangibles	13	1.2%	(13)	-	-	-	-	-	-
Restructuring charges	(1)	-0.1%	-	-	1	-	-	-	-
Total operating expenses	617	56.6%	(21)	-	1	(38)	-	559	56.1%
Operating income	145	13.3%	24	(95)	(1)	38	-	111	11.2%
Interest and other income, net	4	0.4%	-	-	-	-	-	4	0.4%
Income before provision for (benefit from) income taxes	149	13.7%	24	(95)	(1)	38	-	115	11.6%
Provision for (benefit from) income taxes	(2)	-0.2%	-	-	-	-	34	32	3.3%
Net income	\$ 151	13.9%	\$ 24	\$ (95)	\$ (1)	\$ 38	\$ (34)	\$ 83	8.3%
Earnings per share						Earnings per share			
Basic	\$ 0.45					Basic	\$ 0.25		
Diluted	\$ 0.45					Diluted	\$ 0.25		
Number of shares used in computation						Number of shares used in computation			
Basic	333					Basic	333		
Diluted	336					Diluted	336		

Q4 FY10 Reconciliation



GAAP to Non-GAAP Unaudited Condensed Consolidated Statement of Operations

Three Months Ended March 31, 2010

	GAAP Results	% of Revenue	Acquisition-related expenses	Change in Deferred Net Revenue (Packaged Goods and Digital Content)	Loss on Strategic Investments	Loss on Licensed Intellectual Property Commitment (COGS)	Restructuring charges	Stock-Based Compensation	Income Tax Adjustments	Non-GAAP Results	% of Revenue
Net revenue	\$ 979		\$ -	\$ (129)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 850	
Cost of goods sold	298	30.4%	(2)	-	-	1	-	(1)	-	296	34.8%
Gross profit	681	69.6%	2	(129)	-	(1)	-	1	-	554	65.2%
Operating expenses:											
Marketing and sales	171	17.5%	-	-	-	-	-	(4)	-	167	19.6%
General and administrative	79	8.1%	-	-	-	-	-	(9)	-	70	8.2%
Research and development	311	31.8%	-	-	-	-	-	(28)	-	283	33.4%
Acquisition-related contingent consideration	2	0.2%	(2)	-	-	-	-	-	-	-	-
Amortization of intangibles	15	1.5%	(15)	-	-	-	-	-	-	-	-
Restructuring charges	20	2.0%	-	-	-	-	(20)	-	-	-	-
Total operating expenses	598	61.1%	(17)	-	-	-	(20)	(41)	-	520	61.2%
Operating income	83	8.5%	19	(129)	-	(1)	20	42	-	34	4.0%
Loss on strategic investments	(1)	-0.1%	-	-	1	-	-	-	-	-	-
Interest and other expense, net	(2)	-0.2%	-	-	-	-	-	-	-	(2)	-0.2%
Income before provision for income taxes	80	8.2%	19	(129)	1	(1)	20	42	-	32	3.8%
Provision for income taxes	50	5.1%	-	-	-	-	-	-	(41)	9	1.1%
Net income	\$ 30	3.1%	\$ 19	\$ (129)	\$ 1	\$ (1)	\$ 20	\$ 42	\$ 41	\$ 23	2.7%
Earnings per share										Earnings per share	
Basic	\$ 0.09									\$ 0.07	
Diluted	\$ 0.09									\$ 0.07	
Number of shares used in computation										Number of shares used in computation	
Basic	327									Basic	327
Diluted	330									Diluted	330

FY11 YTD Reconciliation



GAAP to Non-GAAP Unaudited Condensed Consolidated Statement of Operations

Twelve Months Ended March 31, 2011

	GAAP Results	% of Revenue	Acquisition-related expenses	Change in Deferred Net Revenue (Packaged Goods and Digital Content)	Loss on Licensed Intellectual Property Commitment (COGS)	Gain on Strategic Investments	Restructuring charges	Stock-Based Compensation	Income Tax Adjustments	Non-GAAP Results	% of Revenue
Net revenue	\$ 3,589		\$ -	\$ 239	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,828	
Cost of goods sold	1,499	41.8%	(12)	-	1	-	-	(2)	-	1,486	38.8%
Gross profit	2,090	58.2%	12	239	(1)	-	-	2	-	2,342	61.2%
Operating expenses:											
Marketing and sales	747	20.8%	-	-	-	-	-	(21)	-	726	19.0%
General and administrative	301	8.4%	-	-	-	-	-	(40)	-	261	6.8%
Research and development	1,153	32.1%	-	-	-	-	-	(111)	-	1,042	27.2%
Acquisition-related contingent consideration	(17)	-0.5%	17	-	-	-	-	-	-	-	-
Amortization of intangibles	57	1.6%	(57)	-	-	-	-	-	-	-	-
Restructuring charges	161	4.5%	-	-	-	-	(161)	-	-	-	-
Total operating expenses	2,402	66.9%	(40)	-	-	-	(161)	(172)	-	2,029	53.0%
Operating income (loss)	(312)	-8.7%	52	239	(1)	-	161	174	-	313	8.2%
Gain on strategic investments	23	0.6%	-	-	-	(23)	-	-	-	-	-
Interest and other income, net	10	0.3%	-	-	-	-	-	-	-	10	0.2%
Income (loss) before provision for (benefit from) income taxes	(279)	-7.8%	52	239	(1)	(23)	161	174	-	323	8.4%
Provision for (benefit from) income taxes	(3)	-0.1%	-	-	-	-	-	-	93	90	2.3%
Net income (loss)	\$ (276)	-7.7%	\$ 52	\$ 239	\$ (1)	\$ (23)	\$ 161	\$ 174	\$ (93)	\$ 233	6.1%
Loss per share								Earnings per share			
Basic and diluted	\$ (0.84)							Basic		\$ 0.71	
								Diluted		\$ 0.70	
Number of shares used in computation								Number of shares used in computation			
Basic and diluted	330							Basic		330	
								Diluted		334	

Q1 FY12 Guidance Reconciliation



The following table provides a reconciliation of the non-GAAP financial measures regarding Electronic Arts' Q1 FY12 Guidance to the nearest comparable GAAP financial measures. These are preliminary estimates and expectations based on current information as of May 4, 2011 and are subject to business and economic risks and uncertainties that could cause actual events or actual future results to differ materially from the expectations set forth herein. The reconciliation provided below reflects rounding and other approximations.

	<u>GAAP Guidance</u>	<u>Acquisition- related expenses</u>	<u>Change in Deferred Net Revenue (Packaged Goods and Digital Content)</u>	<u>Restructuring</u>	<u>Stock-Based Compensation</u>	<u>Tax Adjustments</u>	<u>Non-GAAP Guidance</u>
Low end of Q1 guidance range							
Net Revenue	910		(450)				460
Approximate Gross Margin %	76%	0.3%	-23%				54%
Approximate Operating Expense	530	(13)		(5)	(45)		470
Approximate Tax Expense (Benefit)	12					(75)	(63)
Net Income (Loss)	148	16	(450)	5	45	75	(161)
Earnings (Loss) Per Share	\$ 0.44						\$ (0.49)
Diluted shares (Basic for Loss)	334						330
High end of Q1 guidance range							
Net Revenue	950		(450)				500
Approximate Gross Margin %	75%	0.3%	-22%				54%
Approximate Operating Expense	530	(13)		(5)	(40)		470
Approximate Tax Expense (Benefit)	12					(68)	(56)
Net Income (Loss)	177	16	(450)	5	40	68	(144)
Earnings (Loss) Per Share	\$ 0.53						\$ (0.44)
Diluted shares (Basic for Loss)	334						330

FY12 Guidance Reconciliation



The following table provides a reconciliation of the non-GAAP financial measures regarding Electronic Arts' FY12 Guidance to the nearest comparable GAAP financial measures. These are preliminary estimates and expectations based on current information as of May 4, 2011 and are subject to business and economic risks and uncertainties that could cause actual events or actual future results to differ materially from the expectations set forth herein. The reconciliation provided below reflects rounding and other approximations.

	<u>GAAP Guidance</u>	<u>Acquisition- related expenses</u>	<u>Change in Deferred Net Revenue (Packaged Goods and Digital Content)</u>	<u>Restructuring</u>	<u>Stock-Based Compensation</u>	<u>Tax Adjustments</u>	<u>Non-GAAP Guidance</u>
Low end of FY guidance range							
Net Revenue	3,700		50				3,750
<i>Approximate Gross Margin %</i>	62%	0.3%	0.5%				62%
Approximate Operating Expense	2,250	(38)		(10)	(160)		2,050
<i>Approximate Tax Expense (Benefit)</i>	50					40	90
Net Income (Loss)	-	50	50	10	160	(40)	230
Earnings (Loss) Per Share	\$0.00						\$ 0.70
Diluted shares (Basic for Loss)	329						329
High end of FY guidance range							
Net Revenue	3,900		50				3,950
<i>Approximate Gross Margin %</i>	62%	0.3%	0.5%				63%
Approximate Operating Expense	2,250	(38)		(10)	(160)		2,050
<i>Approximate Tax Expense (Benefit)</i>	50					65	115
Net Income (Loss)	91	50	50	10	160	(65)	296
Earnings (Loss) Per Share	\$ 0.28						\$ 0.90
Diluted shares (Basic for Loss)	329						329