ELECTRONIC ARTS

Q4 FY12 PREPARED COMMENTS

May 7, 2012

Rob Sison:

Thank you.

Welcome to EA's fiscal 2012 fourth quarter earnings call. With me on the call today is John Riccitiello, our CEO, Ken Barker, Interim CFO, Peter Moore, our COO and Frank Gibeau, President of Labels will be joining us for the Q&A portion of the call.

Please note that our SEC filings and our earnings release are available at ir.ea.com. In addition, we have posted earnings slides to accompany our prepared remarks. Lastly, after the call, we will post our prepared remarks, an audio replay of this call, and a transcript.

This presentation and our comments include forward-looking statements regarding future events and the future financial performance of the Company. Actual events and results may differ materially from our expectations. We refer you to our most recent Form 10-Q for a discussion of risks that could cause actual results to differ materially from those discussed today. Electronic Arts makes these statements as of May 7th, 2012 and disclaims any duty to update them.

Throughout this call, we will discuss both GAAP and non-GAAP financial measures.

The comparable GAAP measures for certain non-GAAP measures to be discussed are:

For Q4: net revenue of $1.368 billion, digital revenue of $419 million, gross margin of 72.7%, operating expenses of $629 million and resulting EPS of $1.20 per diluted share.

For full fiscal year 2012: net revenue of $4.143 billion, digital revenue of $1.159 billion, gross margin of 61.4%, operating expenses of $2.510 billion and resulting EPS of $0.23.

During this call unless otherwise stated, the financial metrics will be presented on a non-GAAP basis. Our earnings release and the earnings slides provide a reconciliation of our GAAP to non-GAAP measures. These non-GAAP measures are not intended to be considered in isolation from, as a substitute for, or superior to our GAAP results. 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 in the prior year unless otherwise stated.

Now, I'll turn the call over to John Riccitiello. John?

John Riccitiello:

Good afternoon.

I'd like to start with a short review of our recent history before addressing our FY12 performance, our FY13 guidance, and turning the call over to Ken Barker.

For those of you on the call, I suggest you take a look at the slides on our website. Perhaps it will help you follow along.

As all of you know, these past few years have been very dynamic for companies competing in the fast-changing game industry. Four years ago, we set out to turn-around our core console game business while transforming EA from a packaged goods company to a truly global digital pure play.Throughout this time, we never lost our ambition to position EA as the global leader in digital in the same way we led in packaged goods during the PS2 era.

Four years ago our strategies could be described as essentially defensive -- mostly about our turn-around and getting a start in digital. At the time, we had three strategies:

- Fewer, better and bigger console games…
- Get started in digital…
- Managing Cost.

The numbers show we've done these things well.

On our last earnings call, we introduced a significant change in our strategies – a shift to offense. One that will complete our transformation into a digital pure play company. One that will move us from being a Top 5 Global Competitor in digital gaming – to becoming the global leader.

Today, our three strategies are: *Brands, Platform, Talent.*

- By *Brands*, we mean that we have the strongest brand portfolio in the game industry. We will project that portfolio across all relevant digital business models and channels, while continuing to invest to grow the power of our brands. Leading the way for EA are blockbusters like *Battlefield, Need For Speed, FIFA, Plants v Zombies, Bejeweled, Star*

Wars, Madden, The Sims, Dragon Age, SimCity, Mass Effect and *Medal of Honor.* We strongly believe this brand collection is unmatched by any competitor in our industry.

- By Platform we mean we are building the underlying technology that enables us to project our brands across all the digital channels and business models, seamlessly, direct to consumer, and to do so in ways that vastly enhance the consumer experience.

  Technologies like our Nucleus system -- with nearly a quarter-of-a-billion registered users -- ensure we can recognize and serve content to our players no matter if they are on a social network or a console.

  These investments enabled us to launch *Origin*, our direct-to-consumer service for downloading games and connecting players with other gamers and friends. Origin is now the number two direct-to-consumer game service with more than 11 million registered users.

  And we built EA Play4Free, a proprietary platform that is modeled on the Asian game companies like TenCent and Nexon. EA Play4Free now hosts a number of EA brands including *Need For Speed* and *Battlefield* and has become one of our fastest growing businesses. We will be adding more brands to this platform in the coming year.

- Our third strategic initiative is Talent. This is an unusual strategy for a game company. For most, Talent is a consideration. For us, it is a core strategy. Streaming into EA today is an incredible torrent of new talent. People who add to our capabilities and make us more like Google, Facebook and yes, Zynga. This Talent is creating and maintaining our most sophisticated online services. In some cases, it is veteran EA talent that is learning new skills. In other cases, it is new talent coming from key tech companies and great universities.

  Two great examples of the new talent are two leaders now on my executive team. Kristian Segerstrale, the founder of Playfish is now EA's EVP Digital. He is assembling a team of quantitative analysts, technologists and internet marketers who will profoundly change the way we acquire, engage and monetize consumer gameplay.

  Rajat Taneja, recently from Microsoft, is now EA's CTO. Rajat's team is building a deep infrastructure for creating and playing our games on every device.

You will be hearing more about these projects from both Kristian and Rajat at EA's E3 investor breakfast.

We're also doubling down on our creative talent. The creative teams that build our games. People who add a special magic that differentiates great entertainment from just ordinary games. Great games, so emotionally engaging that consumers identify with the heroes and have fierce debates over the endings. Story lines that create controversy because the audience – our players – care. Talent that creates games and builds brands that will win the test of time.

We don't see any competitior doing **both** the tech and art in the way our people do.

So, those are our three strategies, Brands, Platform, Talent… all designed to help us accelerate our transformation to being the leading purely digital gaming company.

And, over the past few years we've shown great progress toward this goal. Let me call out a few of these milestones.

- In FY09, we published 67 packaged good products, each, generally speaking, a stand-alone game. In FY12, we published 25 major branded online game services, each an online, multiplayer experience with ongoing monetization.
- We have increased our data base of Nucleus registered users from 27 million to 220 million.
- We built a $1.2 billion dollar digital business, establishing EA as one of the top 5 largest global digital game companies. In doing this, we delivered a revenue CAGR of 47% from fiscal 10 to fiscal 12, and most of this growth was organic.
- We developed the strongest brand portfolio in digital interactive entertainment. And most recently added PopCap brands like *Plants v. Zombies* and *Bejeweled* to our own incredible brands like, *Battlefield, Medal of Honor, Need For Speed, FIFA Soccer, The Sims* and *SimCity.*
- Our Origin platform, which generated $150 million in fiscal 12, and is poised for strong ongoing growth leveraging both EA's content and that of our partners.
- We transformed our financials from an EPS loss in FY09 to $0.85 EPS in FY12…. from fiscal '10 to fiscal '12, a 39% EPS CAGR. And we're just getting started.

With that, I'd like to turn to our FY12 review.

Both FY12 and our most recent quarter were very strong for EA.

In Q4 we delivered 17 cents EPS, at the upper end of our guidance and ahead of the street despite key challenges like the failure of a major retailer just prior to the launch of one of our major titles, Mass Effect 3.

For the full of FY12, we exceeded our topline guidance and came in at the upper end of our EPS guidance at $0.85, up over 20% on EPS versus a strong FY11.

There are a few milestones I would like to point out that helped drive our FY12.

- We exceeded our $1 billion goal for overall digital revenue, delivering a plan-beating total of $1.2 billion in digital revenue.
- *Star Wars: The Old Republic* was the most successful subscription MMO launch in history and is now firmly established as the #2 MMO in the west. The service is extremely strong on the operations level.
- We did what we said we'd do with Battlefield. *Battlefield 3* took very significant share from the leading competitor on its way to being one of the biggest selling titles in EA history. There will be exciting new developments for the Battlefield brand as FY13 progresses.
- *EA SPORTS FIFA* reached new heights as a brand and game service. Today FIFA is probably the most successful brand in our industry in terms of serving more users across more channels and business models than any other brand from EA or from any of our competition. And, it is all tied together in one cohesive service.
- And, we brought PopCap into EA and with them, an incredibly talented group of creators with a great collection of strong brands including *Plants vs Zombies* and *Bejeweled*.

Next, I'd like to turn to our FY13 guidance. The key considerations for our FY13 plan, as it came together these past months, are these:

- At the foundation is another year of blockbuster brands: *Madden NFL, FIFA, Sim City, Medal of Honor, Dead Space*, and *Need for Speed* as well as mobile hits like *The Simpsons Tapped Out,* and *Bejeweled*.
- Versus my original expectations, we are pushing out one major packaged goods title. This is a function of our R&D investment priorities.
- *Star Wars: The Old Republic* now has 1.3 million subscribers, with a much higher mix of ongoing credit card consumers, but on a lower absolute number of subs. The service is stable, profitable and we have strong plans to grow it in fiscal 13.
- We intend to invest $80 million in Gen4 console development in fiscal 13. We are strong believers that console will return to strong growth, and represent a great opportunity – one that is in lockstep with our digital plans.

- We're expecting another year of ~40% growth in our digital businesses. Growth in these very high margin contributors allows us to afford our investments, and in particular our investments in Gen4, while delivering very strong earnings growth.

Our guidance, which Ken will take you through in a moment, calls for over 30% EPS growth in fiscal 13 off our strong fiscal 12. We're projecting to have another great year.

I will now turn the call over to Ken.

Ken Barker:

Thanks John.

Starting with a review of Q4:

EA's overall performance was in line with the guidance we provided on our last earnings call.

Total Q4 non-GAAP revenue was $977 million. We came in slightly ahead of the top end of our guidance due to the successful launches of *Mass Effect 3*, *FIFA Street 4 and Kingdoms of Amalur: Reckoning,* and the continued momentum of *FIFA 12* and *Battlefield 3.*

As you may recall, in early March, we indicated that the financial troubles of The Game Group in the UK could cost us "mid-single digit EPS" for Q4. While that came to pass, we were able to offset some of this, as revenue exceeded our March expectations in both packaged goods and digital as consumers were determined to get their hands on our products, especially *Mass Effect 3.*

EA's Q4 non-GAAP digital revenue increased approximately 60% year-over-year to $425 million, and for fiscal 12 exceeded $1.2 billion. Digital growth came from all areas of the business as we continue to see success in each of our initiatives.

- For the quarter, extra content and free-to-play were up 37% versus last year led by *FIFA*. We passed an important milestone this year in which FIFA 12 became our first packaged goods title to generate more than $100 million in non-GAAP digital revenue, and *Battlefield 3* is on target to break the same milestone. I'd like to also highlight that this is happening while the package goods units for these titles are increasing relative to their prior iterations. *The Sims Social* and PopCap also contributed to our digital growth. On a stand-alone basis, PopCap saw double-digit growth this quarter as compared to the same period a year ago and was accretive to our Q4 results.

- Full game downloads were up 76% year-over-year. Origin contributed $48 million of non-GAAP revenue, fueled by *Mass Effect 3, Star Wars: The Old Republic* and revenue generated from our third-party publishing relationships.
- Mobile and other handheld non-GAAP digital revenue was up 23% year over year. This quarter we saw continued growth in our smartphone and tablet revenue, as well as in our Asia mobile business. This growth offset a decline in standard feature phones. 72% of the quarter's non-GAAP revenue in this category came from smartphones, as non-GAAP revenue from smartphones grew more than 80% year-over-year.
- The 143% growth in subscriptions, advertising and other revenue was driven by the December launch of *Star Wars: The Old Republic*.

Let me provide you with an update on *Star Wars*:

Through the end of the quarter, approximately 2.4 million units have sold through. In our last call we indicated that we had 1.7 million active subscribers, and as of the end of April we now have 1.3 million, with a substantial portion of the decrease due to casual and trial players cycling out of the subscriber base, driving up the overall percentage of paying subscribers.

We have already launched a number of initiatives designed to grow subscriptions. The initial responses have been positive and we are encouraged by the gaming community's reaction.

In summary, we delivered an extraordinary launch of a solidly profitable long-term franchise, which contributed to both our gross and operating margin improvements in fiscal 12. We expect this title will further expand our margins in fiscal 13 as we get the full year benefit of subscription revenue.

Let us give you two additional points of perspective as it relates to our current subscriber base and its impact on our fiscal 13 guidance. First, the current number of active subscribers, 1.3 million, is very consistent with the original assumptions we made when we acquired BioWare in 2008. Second, while this franchise is very profitable, it only represents a mid-single digit percent of our total profitability in fiscal 13.

Moving on to gross margin: as compared to our guidance, our non-GAAP gross margin for the quarter was down a couple percentage points because of a heavier mix of lower margin titles, such as *Kingdoms of Amalur: Reckoning*, and stronger catalog.

Operating Expenses came in slightly lower than our guidance.

The resulting non-GAAP diluted EPS was $0.17 for the quarter, higher than the midpoint of our guidance.

Turning to Cash:

Our cash, short-term investments and marketable securities at the end of the year was $1.8 billion or approximately 5 dollars and 78 cents per share. Roughly half of this amount was held offshore.

Net cash provided by operating activities for the quarter was $287 million. This was driven by our solid results and continued focus on operating efficiencies, such as reducing our inventory balance, and increasing inventory turns to 22 times on a trailing twelve month basis, the highest level we've seen in the last seven years. Our operating cash flow for the year was $277 million, slightly higher than our forecast of $250 million.

During the quarter, EA repurchased 14.1 million shares at a cost of $241 million. We also repurchased another 4.3 million shares in April at a cost of $71 million. Accordingly, the $600 million dollar share repurchase program has been completed. Since inception of the program, we retired a total of 32 million shares.

Looking back at Fiscal 12, we delivered great results that were in line or above the original non-GAAP guidance we provided last May with overperformance in many areas that offset retailer challenges in Europe, a delayed *Star Wars* launch, PopCap integration, and a debt financing. In summary, fiscal 12 was an excellent year in which EA had its third consecutive year of at least double-digit non-GAAP operating margin and earnings growth, and we look forward to continuing this momentum into Fiscal 13.

Turning to Guidance.

Rather than walk you through the P&L and give line-by-line guidance, we have laid out all of the pertinent GAAP and non-GAAP data points in the earnings release and in our slide deck. Overall, based on the mid-point of our guidance, we look to deliver non-GAAP EPS growth of more than 30% in fiscal 13, driven by an increase in non-GAAP revenue, further gross profit and operating margin expansion, all of which are a result of our digital initiatives.

GAAP revenue is expected to be $4.075 billion, relatively flat to prior year.

GAAP loss for the fiscal year is expected to be between ($0.36) to ($0.16) per share. Please note that a significant driver of the GAAP loss in fiscal 13 is a projected $225 million increase in our deferred revenue balance for online-enabled packaged goods due to the phasing of our release schedule this year and a likely increase in the period over which we will be recognizing revenue for GAAP purposes. As we've stated before, this is only an issue of the timing of recognition, not collectability, and has no impact on non-GAAP earnings or cash flows.

With regard to non-GAAP revenue, our PC and console revenue will be fueled by 14 excellent packaged goods titles, each of which will have significant digital offerings. We expect to see continued digital growth in virtually all areas, utilizing our brands effectively across mobile, social, play-for-free, console and PC.

In addition to the multiple digital titles we already support, we expect to launch 41 new titles across Social, Mobile, and Play-for-Free. Non-GAAP digital revenue will be increasing to close to 40% of EA's total non-GAAP revenue in fiscal 13. We see a point not far in the future when digital revenue will be more than half of EA's total revenue.

This increased mix towards digital revenue will have a positive affect on our long-term gross margins. In the short term, we expect non-GAAP gross margins to increase by roughly 1 percent in fiscal 13.

Operating expenses: We expect to keep our total non-GAAP opex relatively flat as compared to fiscal 12. As we always do, we took a critical look at our spending. We made some difficult decisions to reduce our spend on the current generation packaged goods front and this approach allows us to make the necessary incremental investments in our digital platforms and technologies. In addition, in fiscal 13, we will be investing approximately $80 million towards Gen4 technologies to be well positioned to take advantage of this future opportunity. As a result of this focus to accelerate our digital transformation, we will be implementing a small restructuring program that will result in eliminating positions and terminating licenses that do not align with this strategy.

In summary for fiscal 13, on a non-GAAP basis, total revenue is expected to grow, driven by another year of growth in digital revenue, partially offset by a decline in packaged goods. The increased mix in digital revenue will drive an increase in non-GAAP gross margins. The combination of higher gross margins and solid cost management should positively impact operating margins, allowing us to deliver over 30% growth in non-GAAP EPS based on the midpoint of our guidance.

A few other housekeeping items:

PopCap is expected to deliver double digit non-GAAP EPS in fiscal 13, consistent with our statements last July.

Capital Expenditures is forecasted to be about $100 million for the year, down from $172 million in fiscal 12. This reflects investments in our digital platforms and technologies.

Headcount – As of March, our headcount was roughly 9,200 with about 70% of that in R&D, and we expect to increase total headcount to 9,700 by the end of fiscal 13.

Litigation - In Q4, we booked a $27 million accrual related to a potential settlement of an on-going litigation matter. This non-recurring charge has been excluded from our non-GAAP results.

And, perhaps most importantly, we expect to generate **operating cash flows** of at least $400 million in fiscal 13, up over 40% versus fiscal 12.

Lastly, I would like to provide some context to our Q1 guidance and the revenue phasing for the full year.

Our Q1 non-GAAP digital revenue will continue to grow year-over-year, particularly given the benefit of a full quarter of *Star Wars: The Old Republic*, and continued momentum in microtransactions and digital services. This quarter, we expect to launch 11 digital titles and one packaged good title.

As we look to revenue and earnings phasing for the rest of the year, I'd like to remind you that the revenue impact from some of our digital launches, particularly in social and mobile, is much greater in quarters subsequent to launch. This has the effect of increasing revenue and earnings towards the back half of fiscal 13, similar to fiscal 12. We also expect to see our second quarter non-GAAP earnings to at least double on a year-over-year basis.

Now, I'll turn the call over to Peter Moore.

PETER MOORE

Today I'm going to provide some context and proofpoints to the strategic priorities John laid out – Brands, Platform and Talent. Each of these re-enforces how EA's digital business has grown and evolved.

I'll start with our Brands – and one that I'm very familiar with and that's *FIFA Soccer*. The world's most popular sports video game is in position to scale to an even larger audience online.

Our vision for the future is multiplatform gaming – anytime, anywhere. A day when *EA SPORTS FIFA* will recognize players across any device and store their achievements, rewards, and community status in the cloud. Next month at E3, you'll see FIFA 13 take a huge step toward that goal.

In Asia, *FIFA Online 2* is a micro-transaction-based free-to-play game with more than 28 million registered players. In Korea alone, an astonishing eight million people – a huge percentage of our target audience in that nation -- have registered to play. In fact our internal estimates suggest that as many as 80% of Korean males, ages 16-19, have played this game.

In November, *FIFA World Class Soccer* launched on the Gree network in Japan and became the top-ranking 3rd party title on that system. It had a million dollar day last week, and has racked up $30 million in just five months.

FIFA Ultimate Team – a fully digital service which allows players to build teams and trade players – does not show up on the retail charts but was our second best selling offering in the UK last year. Let me say that one more time: our second highest grossing product never appears on the retail tracking charts.

With content downloads and cross-platform identity and rewards, *FIFA* is pioneering much of our thinking about the connected brand universe. In fact, all of EA's core brands are developing similar ecosystems and affinity with players.

SimCity – one of EA's most beloved global brands, is returning this year to PCs and mobile devices. The new game will be always on, always connected. SimCity was unveiled at GDC this spring and received a tremendous response from fans. Additionally, our Maxis Label is planning a big social title which is scheduled for release this quarter.

Our *Battlefield* brand has been pushing the edge of online combat for ten years – and along the way assembling a huge community with tremendous expectations. As we predicted, *Battlefield 3* took market share last year, and more importantly, millions of players are still online, deeply engaged in this game. *Battlefield Play4Free* -- a game with great graphics and a rapidly growing community -- is a substantial business generating solid revenue.

Need For Speed is another brand with a great reputation and millions of committed fans around the world. Two years ago, the breakthrough Auto-Log feature brought the community online to set up matches, establish leaders, swap cars, and share video of the most spectacular wins and crashes. And *Need For Speed World* is another title generating impressive revenue on our Play-For-Free platform.

Our PopCap studio is home to many of the most powerful brands in casual gaming. Since joining EA last year, PopCap has been innovating and growing. In December, they shipped a new iOS adaptation of *Bejeweled* which quickly become EA's top grossing game on the Apple app store. Their free-to-play games are showing good ARPU on mobile and they doubled their Facebook footprint with two new games: *Solitaire Blitz* and *Lucky Gem Casino*. And in the months ahead, you can count on new iterations of PopCap franchises like *Bejeweled* and *Plants v. Zombies*. PopCap's financial performance is tracking with our expectations and we couldn't be happier they're on our team.

Next I would like to address our platform strategy – we have already discussed how Nucleus with 220 million registrations enables Origin, which has generated approximately $150 million in digital sales.

Another platform ramping to a high-margin future is EA Play-For-Free. This proprietary site features richly detailed, browser games which quickly scale with revenue from microtransactions. *Battlefield Play4Free* and *Need for Speed World* are just two of the EA franchises generating big audiences and significant revenue already. The Play-For-Free platform generated $1.8 million per week in Q4 fiscal 12, up 80% over the same period last year. Another intriguing aspect of free games is its potential to serve as a funnel, introducing millions of new players to our brand universe. With this kind of scale, revenue, and profitability, you can assume that more EA Brands will be available on this platform in FY13.

Our investment in platform technology provides a number of advantages that expand revenue and margins. With a database of more than 220 million users, we have a powerful media channel built into our own platform – one which generates ad revenue and saves us millions that would have gone to other marketing outlets. Couple this with affinity marketing and we can realize a huge savings in the cost of customer acquisition.

A few years ago, we'd spend 12 months and tens of millions of dollars recruiting a new audience while a game was in development. Today we begin that process with platform technology that keeps us in constant contact with that audience. They're easier to find, because we never lost them.

Now, a quick comment on breakthroughs we've made in measuring product performance.

We have reached a point when the sale of a disk, is no longer the largest revenue event in financial performance of a game. Unit sales are just the first events in a larger set of economics.

At EA, we are developing new metrics to capture the true scope of our enterprise.

We measure how many customers have been acquired by a game or service…..

We measure the degree of their engagement – how many minutes they spend playing….

Most importantly, we have modernized our approach to tracking and managing gameplay monetization – from retail….to subscription, to full-downloads, microtransactions and other streams of revenue. It's a unique and revealing way to view our business and we want to share more of that information with you, our investors.

At E3, EA will host an investor breakfast where my colleagues Rajat Taneja and Kristian Segerstrale will outline our strategy for providing a better understanding of the market, and the performance of our products.

I'll finish with a personal note on EA's Talent initiative.

When I arrived five years ago, EA was a confederation of silo'd businesses. There wasn't much communication between brands, between studios and marketing, or between technologists and creative teams. And there was little contact with consumers beyond the initial sale.

Today we are much more cohesive team, from our executive staff…to the creative and marketing teams…to the corporate groups that support them. Everyone is focused on a clearly defined, unified set of goals. Our digital goals have provided a common denominator that links talen, brands, and consumers.

And we're seeing an incredible infusion of new DNA in the company. Our university outreach program brings in fresh faces and perspectives. Rajat is recruiting a workforce of engineers. Kristian is assembling a formidable marketing and digital analytics team. And Frank Gibeau, oversees a group of the best creative leaders in the entertainment industry.

I've never seen EA more focused, more cohesive, more joined by a common goal.

Thanks – now back to John.

JOHN CLOSE

To summarize, FY12 was a great year… but FY13 will be much better – an historic year for EA. This is the year that we break away from the pack, with a very different profile than the traditional game companies we grew up with… and with assets and capabilities that none of our new digital competitors can match.

A dozen powerful brands, projected over a variety of devices by a powerful direct-to-consumer network. More than 220 million consumers registered and linked by infrastructure that recognizes their game identities, preferences, rewards and friends. Every event, captured, measured and reported with meaningful metrics. All of it created and maintained by the industry's most talented people.

The key is digital revenue – which has a multiplier effect on our business. Digital revenue provides topline growth on a cost structure that creates improvements in gross profit and operating margins. Better margins allow us to invest in the future in big opportunities like Gen4 consoles.

We've been through a lot of change……change we undertook to drive greater shareholder value.

I'll finish by saying, it's a good time to be at EA. We're well on our way to having transformed our business model. Changed the company from Tower Records…..to iTunes……from Blockbuster, to Netflix……from Sears, to Amazon. But, unlike many of our digital competitors, we draw our growth from more than one revenue source. We have a much more diversified revenue base, with each digital segment growing rapidly, including our own direct-to-consumer services. Moreover, we are building this digital business more organically than most. And, our vast portfolio of great brands enables us to do it more artfully, and, we believe in a way that is far more likely to win the test of time.

We've got the right brands, the right strategies and most importantly, the right talent. Years of investment are starting to pay off. From here, we capture the rewards.

With that, we'd 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:

- Acquisition-related expenses
- Amortization of debt discount
- Certain non-recurring litigation expenses
- Change in deferred net revenue (packaged goods and digital content)
- Gain (loss) on strategic investments
- Loss on licensed intellectual property commitment
- Restructuring charges
- Stock-based compensation
- Income tax adjustments

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 7, 2012, Electronic Arts has provided a reconciliation of the most comparable GAAP financial measure to the historical non-GAAP measures.

Forward-Looking Statements

Some statements set forth in this document, including the information relating to EA's fiscal 2013 guidance information 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 including the PopCap acquisition; the consumer demand for, and the availability of an adequate supply of console hardware units; the Company's ability to predict consumer preferences among competing platforms; the Company's ability to service and support digital product offerings, 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, 2011.

These forward-looking statements are current as of May 7, 2012. 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 release 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, 2012. 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, 2012.