



# Electronic Arts Inc. Q2 FY 2015 Results

October 28, 2014

# Safe Harbor Statement

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

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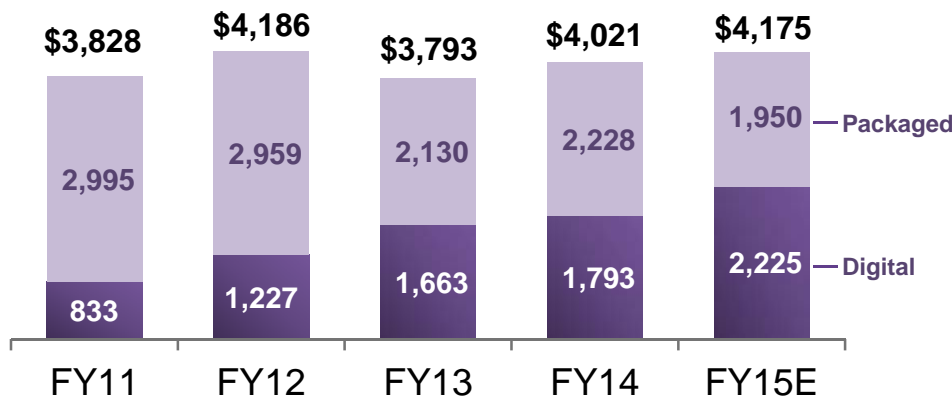
- Some statements set forth in this document, including the information relating to EA's fiscal year 2015 guidance and title slate, contain forward-looking statements that are subject to change. Statements including words such as "anticipate," "believe," "estimate" or "expect" and statements in the future 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 June 30, 2014.
- These forward-looking statements are valid as of October 28, 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 Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2014. Electronic Arts assumes no obligation and does not intend to update these estimates prior to such filing.

# EA Growth Trends

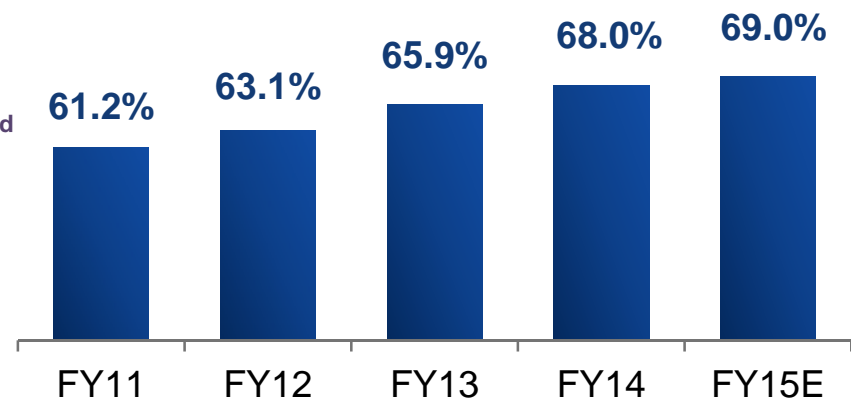


## Net Revenue <sup>1</sup>

(\$ in Millions)

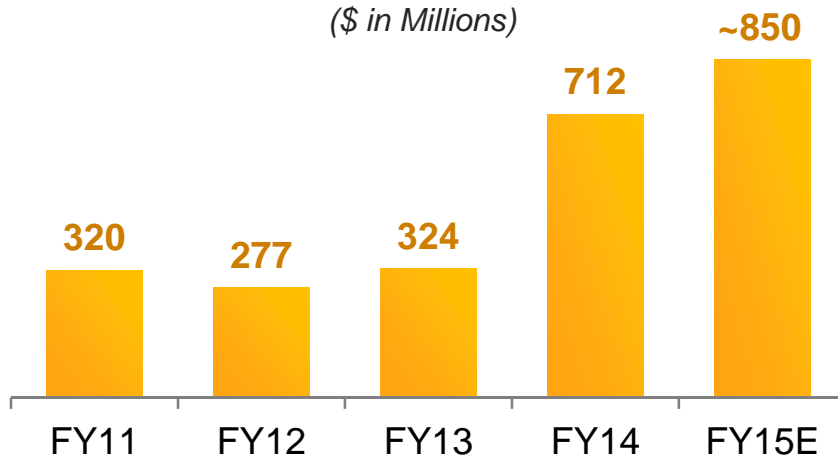


## Gross Profit <sup>1</sup>



## 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%.

# Q2 FY15 Guidance vs. Actuals

Ending September 30, 2014



	GAAP		Non-GAAP	
	Guidance	Actuals	Guidance	Actuals
Net Revenue	\$965	\$990	\$1,140	\$1,220
Gross Profit Margin	57.8%	56.9%	65.5%	66.1%
Operating Expense	\$574	\$539	\$530	\$497
Tax Expense <sup>1</sup>	\$15	\$15	\$54	\$77
Net Income (Loss)	(\$37)	\$3	\$162	\$232
Diluted Earnings/(Loss) Per Share	(\$0.12)	\$0.01	\$0.50	\$0.73
Diluted Shares	314	322	323	319

In millions, except per share data.

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

# Q2 FY15 Financial Summary



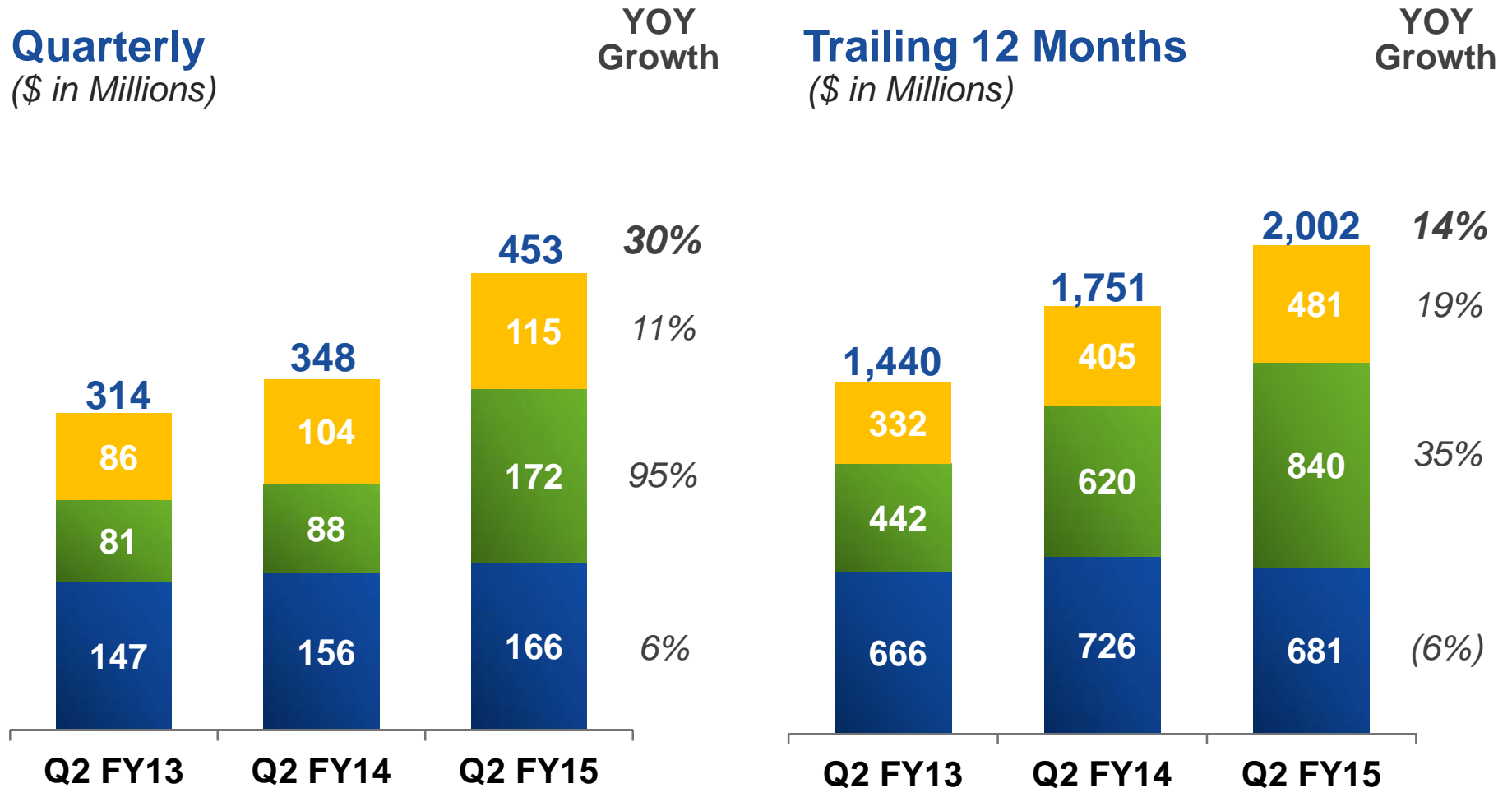
	GAAP		Non-GAAP	
	Q2 FY14	Q2 FY15	Q2 FY14	Q2 FY15
Net Revenue	\$695	\$990	\$1,040	\$1,220
Gross Profit Margin	40.6%	56.9%	61.7%	66.1%
Operating Expense	\$534	\$539	\$499	\$497
Operating Income/(Loss)	(\$252)	\$24	\$143	\$309
Operating Margin	(36.3%)	2.4%	13.8%	25.3%
Diluted Earnings/(Loss) Per Share	(\$0.89)	\$0.01	\$0.33	\$0.73
Operating Cash Flow	(\$6)	\$183		
EBITDA	(\$164)	\$113	\$175	\$342

In millions, except per share data.

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

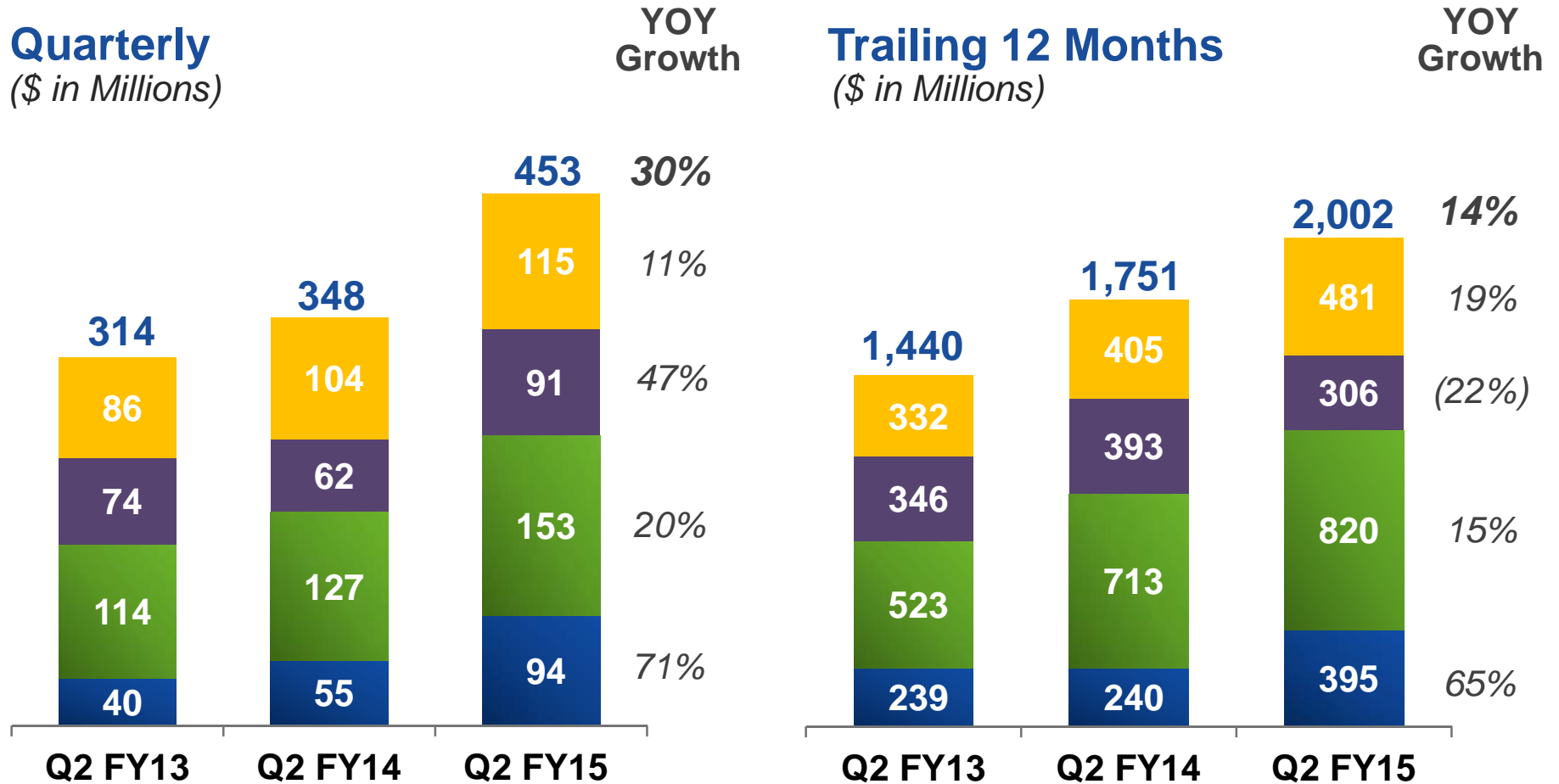


■ PC & Other    
 ■ Console    
 ■ Mobile



<sup>1</sup> In millions, on a non-GAAP basis. Mobile revenue reflects the sum total of revenue from Smart Phones and Feature Phones. Handheld revenue, previously grouped with Feature Phones through Q4-FY14, is captured in PC & Other.

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



1 In millions, on a non-GAAP basis.

2 Handheld revenue is included within each respective category of Full Game Downloads, Extra Content and Subscriptions, Advertising and Other. Handheld revenue was previously grouped with Mobile and presented as Mobile and Handheld through Q4-FY14.

# FY15 Announced Console/PC Titles



Launch	Title	Platform(s)
Q1	<b>2014 FIFA World Cup Brazil</b>	Console
	<b>EA SPORTS UFC</b>	Console
Q2	<b>FIFA 15</b>	Console PC
	<b>MADDEN NFL 15</b>	Console
	<b>NHL 15</b>	Console
	<b>THE SIMS 4</b>	PC
Q3	<b>NBA LIVE 15</b>	Console
	<b>DRAGON AGE INQUISITION</b>	Console PC
Q4	<b>EA SPORTS PGA TOUR</b>	Console
	<b>BATTLEFIELD HARDLINE</b>	Console PC



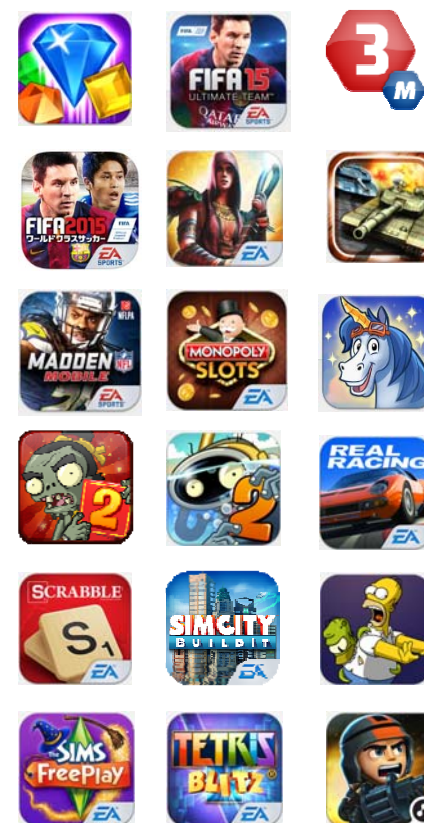


# Selected FY15 Live Services<sup>1</sup>

## Console/PC



## Mobile



Note:

1. "FY15 live services" includes ongoing revenue from sources such as microtransactions, subscriptions, and downloadable content in FY15.

# Guidance – Q3 FY15

Ending December 31, 2014



	<b>GAAP</b>	<b>Non-GAAP</b>
Net Revenue	\$1,100	\$1,275
Gross Profit Margin	64.6%	70.5%
Operating Expense	\$558	\$515
Tax Expense	\$15	\$96
Net Income	\$132	\$287
Earnings Per Share	\$0.41	\$0.90
Diluted Shares	322	319

In millions, except per share data.

Non-GAAP Tax Rate: 25%.

These forward-looking statements are valid as of October 28, 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	\$2,200	\$1,950
Digital Net Revenue	\$2,175	\$2,225
Total Net Revenue	\$4,375	\$4,175
Gross Profit Margin	66.5%	69.0%
Operating Expense	\$2,157	\$2,000
Tax Expense	\$60	\$219
Net Income	\$663	\$656
Earnings Per Share	\$2.06	\$2.05
Diluted Shares	322	320
Operating Cash Flow	~\$850	

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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Net Revenue	Q1A	Q2A	Q3E	Q4E
Non-GAAP	19%	29%	31%	21%
GAAP	28%	23%	25%	24%

<sup>1</sup> These forward-looking statements are valid as of October 28, 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).



# Supplemental Financial Information



# Guidance<sup>1</sup>

## Currency Assumptions

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- Exchange rates remain volatile
- Current guidance FX assumptions:
  - \$1.339 USD/Euro
    - Revenue and EPS increases if the Euro strengthens v. USD
  - \$1.651 USD/British Pound Sterling
    - Revenue and EPS increases if the British Pound Sterling strengthens v. USD
  - 1.101 Canadian Dollar/USD
    - R&D costs increase and EPS decreases if the Canadian Dollar strengthens v. USD
  - 6.768 Swedish Krona/USD
    - R&D costs increase and EPS decreases if the Swedish Krona strengthens v. USD
- Using spot exchange rates as of October 27, 2014:
  - Approximately \$15M detriment to remainder of FY15 non-GAAP Net Revenue
  - Neutral impact for remainder of FY15 non-GAAP EPS

<sup>1</sup> These forward-looking statements are valid as of October 28, 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 non-GAAP diluted earnings (loss) per share and non-GAAP diluted shares. These non-GAAP financial measures exclude the following items (other than shares from the Convertible Bond Hedge, which are included), 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
  - Income tax adjustments
  - Loss (gain) on strategic investments
  - Loss on licensed intellectual property commitment (COGS)
  - Restructuring charges
  - Shares from Convertible Bond Hedge
  - Stock-based compensation

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. The Company's management team is evaluated on the basis of non-GAAP financial measures and these measures also facilitate comparisons of the Company's performance to prior periods. In its earnings press release dated October 28, 2014 and in the following slides, Electronic Arts has provided a reconciliation of the most comparable GAAP financial measures to the non-GAAP financial measures.

# Q2 FY15 Reconciliation



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

Three Months Ended September 30, 2014

	GAAP Results	Acquisition- related expenses	Shares from Convertible Bond Hedge	Amortization of debt discount	Change in Deferred Net Revenue (Online-Enabled Games)	Stock-based compensation	Income tax adjustments	Non-GAAP Results
<b>Net revenue</b>	<b>\$ 990</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 230</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,220</b>
Cost of revenue	427	(12)	-	-	-	(1)	-	414
<b>Gross profit</b>	<b>563</b>	<b>12</b>	<b>-</b>	<b>-</b>	<b>230</b>	<b>1</b>	<b>-</b>	<b>806</b>
Operating expenses:								
Research and development	261	-	-	-	-	(23)	-	238
Marketing and sales	183	-	-	-	-	(6)	-	177
General and administrative	92	-	-	-	-	(10)	-	82
Acquisition-related contingent consideration	(1)	1	-	-	-	-	-	-
Amortization of intangibles	4	(4)	-	-	-	-	-	-
Restructuring and other	-	-	-	-	-	-	-	-
Total operating expenses	539	(3)	-	-	-	(39)	-	497
<b>Operating income</b>	<b>24</b>	<b>15</b>	<b>-</b>	<b>-</b>	<b>230</b>	<b>40</b>	<b>-</b>	<b>309</b>
Interest and other income (expense), net	(6)	-	-	6	-	-	-	-
Income before provision for income taxes	18	15	-	6	230	40	-	309
Provision for income taxes	15	-	-	-	-	-	62	77
<b>Net income</b>	<b>\$ 3</b>	<b>\$ 15</b>	<b>\$ -</b>	<b>\$ 6</b>	<b>\$ 230</b>	<b>\$ 40</b>	<b>\$ (62)</b>	<b>\$ 232</b>
<b>Earnings per share</b>								
<b>Basic</b>	<b>\$ 0.01</b>							<b>\$ 0.74</b>
<b>Diluted</b>	<b>\$ 0.01</b>							<b>\$ 0.73</b>
Number of shares used in computation								
Basic	313	-	-	-	-	-	-	313
Diluted	322	-	(3)	-	-	-	-	319

In millions, except per share data.



# Q2 FY14 Reconciliation



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

Three Months Ended September 30, 2013

	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>\$ 695</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 345</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,040</b>
Cost of revenue	413	(14)	-	-	-	-	(1)	-	398
<b>Gross profit</b>	<b>282</b>	<b>14</b>	<b>-</b>	<b>345</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>642</b>
Operating expenses:									
Research and development	283	-	-	-	-	-	(23)	-	260
Marketing and sales	164	-	-	-	-	-	(6)	-	158
General and administrative	129	-	-	-	(40)	-	(8)	-	81
Acquisition-related contingent consideration	(44)	44	-	-	-	-	-	-	-
Amortization of intangibles	4	(4)	-	-	-	-	-	-	-
Restructuring and other	(2)	-	-	-	-	2	-	-	-
Total operating expenses	534	40	-	-	(40)	2	(37)	-	499
<b>Operating income (loss)</b>	<b>(252)</b>	<b>(26)</b>	<b>-</b>	<b>345</b>	<b>40</b>	<b>(2)</b>	<b>38</b>	<b>-</b>	<b>143</b>
Interest and other income (expense), net	(8)	-	5	-	-	-	-	-	(3)
Income (loss) before provision for income taxes	(260)	(26)	5	345	40	(2)	38	-	140
Provision for income taxes	13	-	-	-	-	-	-	22	35
<b>Net income (loss)</b>	<b>\$ (273)</b>	<b>\$ (26)</b>	<b>\$ 5</b>	<b>\$ 345</b>	<b>\$ 40</b>	<b>\$ (2)</b>	<b>\$ 38</b>	<b>\$ (22)</b>	<b>\$ 105</b>
<b>Loss per share</b>							<b>Earnings per share</b>		
Basic and diluted	<b>\$ (0.89)</b>						Basic		<b>\$ 0.34</b>
							Diluted		<b>\$ 0.33</b>
Number of shares used in computation							Number of shares used in computation		
Basic and diluted	308						Basic		308
							Diluted		316

In millions, except per share data.

# TTM Q2 FY15 Reconciliation



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

	Trailing Twelve Months Ended September 30, 2014								
	GAAP Results	Acquisition-related expenses	Amortization of debt discount	Change in Deferred Net Revenue (Online-Enabled Games)	Loss on licensed intellectual property commitment (COGS)	College football settlement expenses	Stock-based compensation	Income tax adjustments	Non-GAAP Results
<b>Net revenue</b>	<b>\$ 4,135</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 346</b>	<b>-</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,481</b>
Cost of revenue	1,534	(57)	-	-	(122)	-	(2)	-	1,353
<b>Gross profit</b>	<b>2,601</b>	<b>57</b>	<b>-</b>	<b>346</b>	<b>122</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>3,128</b>
Operating expenses:									
Research and development	1,090	-	-	-	-	-	(86)	-	1,004
Marketing and sales	682	-	-	-	-	-	(23)	-	659
General and administrative	376	-	-	-	-	(3)	(37)	-	336
Acquisition-related contingent consideration	-	-	-	-	-	-	-	-	-
Amortization of intangibles	15	(15)	-	-	-	-	-	-	-
Restructuring and other	-	-	-	-	-	-	-	-	-
Total operating expenses	2,163	(15)	-	-	-	(3)	(146)	-	1,999
<b>Operating income</b>	<b>438</b>	<b>72</b>	<b>-</b>	<b>346</b>	<b>122</b>	<b>3</b>	<b>148</b>	<b>-</b>	<b>1,129</b>
Interest and other income (expense), net	(27)	-	22	-	-	-	-	-	(5)
Income before provision for income taxes	411	72	22	346	122	3	148	-	1,124
Provision for income taxes	14	-	-	-	-	-	-	267	281
<b>Net income</b>	<b>\$ 397</b>	<b>\$ 72</b>	<b>\$ 22</b>	<b>\$ 346</b>	<b>\$ 122</b>	<b>\$ 3</b>	<b>\$ 148</b>	<b>\$ (267)</b>	<b>\$ 843</b>

In millions

# TTM Q2 FY14 Reconciliation



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

Trailing Twelve Months Ended September 30, 2013

	GAAP Results	Acquisition-related expenses	Amortization of debt discount	Change in Deferred Net Revenue (Online-Enabled Games)	College football settlement expenses	Gain on strategic investments	Restructuring and other	Stock-based compensation	Income tax adjustments	Non-GAAP Results
<b>Net revenue</b>	<b>\$ 3,775</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (18)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,757</b>
Cost of revenue	1,345	(93)	-	-	-	-	-	(2)	-	1,250
<b>Gross profit</b>	<b>2,430</b>	<b>93</b>	<b>-</b>	<b>(18)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>2,507</b>
Operating expenses:										
Research and development	1,126	-	-	-	-	-	-	(90)	-	1,036
Marketing and sales	729	-	-	-	-	-	-	(27)	-	702
General and administrative	380	-	-	-	(40)	-	-	(33)	-	307
Acquisition-related contingent consideration	(81)	81	-	-	-	-	-	-	-	-
Amortization of intangibles	24	(24)	-	-	-	-	-	-	-	-
Restructuring and other	1	-	-	-	-	-	(1)	-	-	-
Total operating expenses	2,179	57	-	-	(40)	-	(1)	(150)	-	2,045
<b>Operating income</b>	<b>251</b>	<b>36</b>	<b>-</b>	<b>(18)</b>	<b>40</b>	<b>-</b>	<b>1</b>	<b>152</b>	<b>-</b>	<b>462</b>
Gain on strategic investments	39	-	-	-	-	(39)	-	-	-	-
Interest and other income (expense), net	(25)	-	20	-	-	-	-	-	-	(5)
Income before provision for income taxes	265	36	20	(18)	40	(39)	1	152	-	457
Provision for income taxes	38	-	-	-	-	-	-	-	90	128
<b>Net income</b>	<b>\$ 227</b>	<b>\$ 36</b>	<b>\$ 20</b>	<b>\$ (18)</b>	<b>\$ 40</b>	<b>\$ (39)</b>	<b>\$ 1</b>	<b>\$ 152</b>	<b>\$ (90)</b>	<b>\$ 329</b>

# Q2 FY15 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 September 30, 2014				
	GAAP Results	Acquisition-related expenses	Change in deferred net revenue (online-enabled games)	Stock-Based compensation	Non-GAAP Results
Operating income	\$ 24	\$ 15	\$ 230	\$ 40	\$ 309
Adjustments:					
Stock-based compensation	40	-	-	(40)	-
Depreciation	33	-	-	-	33
Amortization of acquisition-related intangibles	16	(16)	-	-	-
Total adjustments	89	(16)	-	(40)	33
<b>EBITDA</b>	<b>\$ 113</b>	<b>\$ (1)</b>	<b>\$ 230</b>	<b>\$ -</b>	<b>\$ 342</b>

# Q2 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.

	<b>Three Months Ended September 30, 2013</b>						
	<b>GAAP Results</b>	<b>Acquisition- related expenses</b>	<b>Change in deferred net revenue (online- enabled games)</b>	<b>College football settlement expenses</b>	<b>Restructuring and other</b>	<b>Stock-Based compensation</b>	<b>Non-GAAP Results</b>
<b>Operating income (loss)</b>	\$ (252)	\$ (20)	\$ 345	\$ 40	\$ (2)	\$ 38	\$ 143
<b>Adjustments:</b>							
<b>Stock-based compensation</b>	38	-	-	-	-	(38)	-
<b>Depreciation</b>	32	-	-	-	-	-	32
<b>Amortization of acquisition-related intangibles</b>	18	(18)	-	-	-	-	-
<b>Total adjustments</b>	88	(18)	-	-	-	(38)	32
<b>EBITDA</b>	<u>\$ (164)</u>	<u>\$ (44)</u>	<u>\$ 345</u>	<u>\$ 40</u>	<u>\$ (2)</u>	<u>\$ -</u>	<u>\$ 175</u>

# Q3 FY15 Guidance Reconciliation



The following table provides a reconciliation of the non-GAAP financial measures regarding Electronic Arts' Q3 FY15 guidance to the nearest comparable GAAP financial measures. These are preliminary estimates and expectations based on current information as of October 28, 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 Guidance</u>	<u>Acquisition- related expenses and Amortization</u>	<u>Amortization of Debt Discount</u>	<u>Change in Deferred Net Revenue (online- enabled games)</u>	<u>Shares from Convertible Bond Hedge</u>	<u>Stock-Based Compensation</u>	<u>Tax Adjustments</u>	<u>Non-GAAP Guidance</u>
<i>Approximate Net Revenue</i>	\$ 1,100	-	-	175	-	-	-	\$ 1,275
<i>Approximate Gross Margin %</i>	64.6%	1.2%	-	4.7%	-	-	-	70.5%
<i>Approximate Operating Expense</i>	\$ 558	(3)	-	-	-	(40)	-	\$ 515
<i>Approximate Tax Expense (Benefit)</i>	\$ 15	-	-	-	-	-	81	\$ 96
<b>Net Income (Loss)</b>	<b>\$ 132</b>	<b>16</b>	<b>5</b>	<b>175</b>	<b>-</b>	<b>40</b>	<b>(81)</b>	<b>\$ 287</b>
<b>Earnings (Loss) Per Share</b>	<b>\$ 0.41</b>							<b>\$ 0.90</b>
Number of shares used in computation								
Diluted	322	-	-	-	(3)	-	-	319

In millions, except per share data.

These forward-looking statements are valid as of October 28, 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 October 28, 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.

	GAAP Guidance	Acquisition- related expenses and Amortization	Amortization of Debt Discount	Change in Deferred Net Revenue (online- enabled games)	College Football Settlement Expenses	Loss on Licensed IP Commitment	Shares from Convertible Bond Hedge	Stock-Based Compensation	Tax Adjustments	Non-GAAP Guidance
<b>Approximate Net Revenue</b>	\$ 4,375	-	-	(200)	-	-	-	-	-	\$ 4,175
<b>Approximate Gross Margin %</b>	66.5%	1.2%	-	-1.6%	-	2.9%	-	-	-	69.0%
<b>Approximate Operating Expense</b>	\$ 2,157	(12)	-	-	5	-	-	(150)	-	\$ 2,000
<b>Approximate Tax Expense (Benefit)</b>	\$ 60	-	-	-	-	-	-	-	159	\$ 219
<b>Net Income</b>	\$ 663	63	22	(200)	(5)	122	-	150	(159)	\$ 656
<b>Earnings Per Share</b>	\$ 2.06									\$ 2.05
Number of shares used in computation Diluted	322	-	-	-	-	-	(2)	-	-	320

In millions, except per share data.

These forward-looking statements are valid as of October 28, 2014 only. Electronic Arts assumes no obligation to update these forward-looking statements.