



May 9, 2017

Electronic Arts Reports Q4 FY17 and Full Year FY17 Financial Results

REDWOOD CITY, Calif.--(BUSINESS WIRE)-- Electronic Arts Inc. (NASDAQ: EA) today announced preliminary financial results for its fourth fiscal quarter and fiscal year ended March 31, 2017.

"Fiscal 2017 was a milestone year for Electronic Arts, defined by groundbreaking games and live services that delivered more fun and connected more players with their friends," said Chief Executive Officer Andrew Wilson. "In Fiscal 2018, we are focused on innovating for our players with extraordinary new experiences across our portfolio, continuing to grow our global network, and extending our reach across new platforms and more ways to play."

"We generated record net sales and operating cash flow in fiscal 2017, driven by our ongoing transition to digital as well as our increasing success with live services," said Chief Financial Officer Blake Jorgensen. "Our long-term vision, to leverage deep player engagement to drive growth and profitability, is enabling us to execute on our near-term financial goals to increase revenue, earnings and cash generation."

News and ongoing updates regarding EA and its games are available on EA's blog at www.ea.com/news.

Selected Operating Highlights and Metrics:

- | Digital net sales* of \$3.034 billion for fiscal 2017; this represents 61% of total net sales, up 20% year-over-year.
- | EA was the #1 publisher on PlayStation®4 and Xbox One consoles in the Western World for fiscal 2017, based on available sources and EA estimates.
- | Through the end of FY17, *Battlefield™ 1* had more than 19 million players joining the game, a 50% increase over *Battlefield 4™* in the comparable period.
- | More than 21 million players have joined *FIFA 17* to date including more than 12 million players that have engaged in our new story mode "*The Journey*".
- | *FIFA Ultimate Team™* had 13% more players year-over-year through the end of Q4.
- | In Q4, average gameplay time per player in *STAR WARS™: Galaxy of Heroes* reached a new record high of 162 minutes per day.
- | Monthly active users in Q4 for *The Sims™ 4* increased 33% year-over-year.

* Net sales is defined as the net amount of products and services sold digitally or sold-in physically in the period.

Selected Financial Highlights and Metrics:

All financial measures are presented on a GAAP basis.

- | Net cash provided by operating activities for the fourth quarter was \$407 million.
- | Net cash provided by operating activities for the fiscal year was a record \$1.383 billion.
- | In Q4, EA repurchased 1.5 million shares for \$125 million.
- | In fiscal 2017, EA repurchased 6.5 million shares for \$508 million.
- | EA announced a new \$1.2 billion, two-year stock repurchase program.

Quarterly Financial Highlights:

(in millions, except per share amounts)

Three Months Ended March 31,

| | 2017 | 2016 |
|--------------------------------------|----------------|----------------|
| Digital net revenue | \$934 | \$715 |
| Packaged goods and other net revenue | 593 | 593 |
| Total net revenue | <u>\$1,527</u> | <u>\$1,308</u> |
| Net income | \$566 | \$899 |
| Diluted earnings per share | \$1.81 | \$2.79* |
| Operating cash flow | \$407 | \$396 |
| Value of shares repurchased | \$125 | \$634 |
| Number of shares repurchased | 1.5 | 9.9 |

*Included an income tax credit due to the reversal of the valuation allowance EA had against its U.S. deferred tax assets. This credit increased diluted GAAP earnings per share for the fourth quarter fiscal 2016 but had no impact on cash flow.

While EA no longer reports certain non-GAAP financial measures, the following GAAP-based financial data and a long-term tax rate of 21% are used internally by company management to adjust its GAAP results in order to assess EA's operating results:

Three Months Ended March 31, 2017

| | GAAP-Based Financial Data | | | |
|--|----------------------------------|-------------------------------------|--|---------------------------------|
| | Statement of Operations | Acquisition-related expenses | Change in deferred net revenue (online-enabled games) | Stock-based compensation |
| (in millions) | | | | |
| Net revenue | \$ 1,527 | \$ - | \$ (435) | \$ - |
| Cost of revenue | 202 | - | - | (1) |
| Gross profit | 1,325 | - | (435) | 1 |
| Total operating expenses | 608 | (1) | - | (51) |
| Operating income | 717 | 1 | (435) | 52 |
| Interest and other income (expense), net | (1) | - | - | - |
| Income before provision for income taxes | \$ 716 | \$ 1 | \$ (435) | \$ 52 |
| Number of shares used in computation | | | | |
| Diluted | 312 | | | |

For more information about the nature of the GAAP-based financial data, please refer to EA's Form 10-Q for the quarter ended December 31, 2016.

Fiscal Year Financial Highlights:

(in millions, except per share amounts)

Twelve Months Ended March 31,

| | 2017 | 2016 |
|--------------------------------------|----------------|----------------|
| Digital net revenue | \$2,874 | \$2,409 |
| Packaged goods and other net revenue | 1,971 | 1,987 |
| Total net revenue | <u>\$4,845</u> | <u>\$4,396</u> |
| Net income | \$967 | \$1,156 |
| Diluted earnings per share | \$3.08 | \$3.50* |

| | | |
|------------------------------|---------|---------|
| Operating cash flow | \$1,383 | \$1,223 |
| Value of shares repurchased | \$508 | \$1,018 |
| Number of shares repurchased | 6.5 | 15.7 |

*Included an income tax credit due to the reversal of the valuation allowance EA had against its U.S. deferred tax assets. This \$453 million credit increased diluted GAAP earnings per share for fiscal year 2016 by \$1.37 per share to \$3.50, but had no impact on cash flow.

While EA no longer reports certain non-GAAP financial measures, the following GAAP-based financial data and a long-term tax rate of 21% are used internally by company management to adjust its GAAP results in order to assess EA's operating results:

| | Twelve Months Ended March 31, 2017 | | | | |
|--|---|-------------------------------------|--|--|---------------------------------|
| | GAAP-Based Financial Data | | | | |
| (in millions) | Statement of Operations | Acquisition-related expenses | Amortization of debt discount and loss on conversion of notes | Change in deferred net revenue (online-enabled games) | Stock-based compensation |
| Net revenue | \$ 4,845 | \$ - | \$ - | \$ 97 | \$ - |
| Cost of revenue | 1,298 | (43) | - | - | (3) |
| Gross profit | 3,547 | 43 | - | 97 | 3 |
| Total operating expenses | 2,323 | (6) | - | - | (193) |
| Operating income | 1,224 | 49 | - | 97 | 196 |
| Interest and other income (expense), net | (14) | - | 2 | - | - |
| Income before provision for income taxes | \$ 1,210 | \$ 49 | \$ 2 | \$ 97 | \$ 196 |
| Number of shares used in computation | | | | | |
| Diluted | 314 | | | | |

Stock Repurchase Program

EA has announced a new program to repurchase up to \$1.2 billion of EA's common stock. This new stock repurchase program expires on May 31, 2019.

Under the program, EA may purchase stock in the open market or through privately negotiated transactions in accordance with applicable securities laws, including pursuant to pre-arranged stock trading plans. The timing and actual amount of the stock repurchases will depend on several factors including price, capital availability, regulatory requirements, alternative investment opportunities and other market conditions. EA is not obligated to repurchase any specific number of shares under the program and the repurchase program may be modified, suspended or discontinued at any time.

Business Outlook as of May 9, 2017

The following forward-looking statements reflect expectations as of May 9, 2017. Electronic Arts assumes no obligation to update these statements. Results may be materially different and are affected by many factors detailed in this release and in EA's annual and quarterly SEC filings.

Fiscal Year 2018 Expectations - Ending March 31, 2018

Financial metrics:

- i Net revenue is expected to be approximately \$5.075 billion.
- i Change in deferred net revenue (online-enabled games) is expected to be approximately \$25 million.

- | Net income is expected to be approximately \$1.125 billion.
- | Diluted earnings per share is expected to be approximately \$3.57.
- | Operating cash flow, reflecting the recently adopted accounting standard related to stock-based compensation discussed below, is expected to be approximately \$1.575 billion.
- | The Company estimates a share count of 315 million for purposes of calculating fiscal year 2018 diluted earnings per share.

Operational metric:

- | Net sales is expected to be approximately \$5.100 billion.

In addition, the following outlook for GAAP-based financial data and a long-term tax rate of 21% are used internally by EA to adjust our GAAP expectations to assess EA's operating results and plan for future periods:

| | Twelve Months Ending March 31, 2018 | | | |
|--|--|--|---|-------------------------------------|
| | GAAP-Based Financial Data | | | |
| | GAAP Guidance | Acquisition- related expenses | Change in deferred net revenue (online- enabled games) | Stock-based compensation |
| (\$ in millions) | | | | |
| Digital net revenue | \$ 3,295 | - | 80 | - |
| Packaged goods & other net revenue | 1,780 | - | (55) | - |
| Total net revenue | 5,075 | - | 25 | - |
| Cost of revenue | 1,276 | - | - | (1) |
| Operating expense | 2,420 | (6) | - | (239) |
| Income before provision for income taxes | 1,364 | 6 | 25 | 240 |
| Net income | \$ 1,125 | | | |
| Diluted shares | 315 | | | |

First Quarter Fiscal Year 2018 Expectations - Ending June 30, 2017

Financial metrics:

- | Net revenue is expected to be approximately \$1.425 billion.
 - | Change in deferred net revenue (online-enabled games) is expected to be approximately (\$675) million.
- | Net income is expected to be approximately \$605 million.
- | Diluted earnings per share is expected to be approximately \$1.93.
- | The Company estimates a share count of 314 million for purposes of calculating first quarter fiscal 2018 diluted earnings per share.

Operational metric:

- | Net sales is expected to be approximately \$750 million.

In addition, the following outlook for GAAP-based financial data and a long-term tax rate of 21% are used internally by EA to adjust our GAAP expectations to assess EA's operating results and plan for future periods:

Three Months Ending June 30, 2017

GAAP-Based Financial Data

| | GAAP Guidance | Acquisition- related expenses | Change in deferred net revenue (online- enabled games) | Stock-based compensation |
|--|--------------------------|--|---|-------------------------------------|
| (\$ in millions) | | | | |
| Total net revenue | \$ 1,425 | - | (675) | - |
| Cost of revenue | 157 | - | - | - |
| Operating expense | 546 | (1) | - | (50) |
| Income before provision for income taxes | 724 | 1 | (675) | 50 |
| Net income | \$ 605 | | | |
| Diluted shares | 314 | | | |

Impact of Recently Adopted Accounting Standard

Starting in Q1 fiscal 2018, EA will adopt FASB ASU 2016-09 related to stock-based compensation. The new guidance will require EA to change how it reports the cash effects of stock-based compensation in the statement of cash flow. It does not impact total cash and cash flow, but it does increase operating cash flow and decrease cash flow from financing activities. The following table reflects the impact of this standard on operating cash flow for the periods presented:

| | Twelve Months Ended March 31, | | |
|--|--------------------------------------|----------------|----------------|
| | 2018 | 2017 | 2016 |
| | Guidance | Actuals | Actuals |
| (\$ in millions) | | | |
| Operating cash flow under current GAAP | \$ 1,440 | \$ 1,383 | \$ 1,223 |
| Operating cash flow under ASU 2016-09 | 1,575 | 1,578 | 1,465 |
| Impact of ASU 2016-09 on operating cash flow | \$ 135 | \$ 195 | \$ 242 |

Conference Call and Supporting Documents

Electronic Arts will host a conference call on May 9, 2017 at 2:00 pm PT (5:00 pm ET) to review its results for the fourth quarter and fiscal year ended March 31, 2017 and its outlook for the future. During the course of the call, Electronic Arts may disclose material developments affecting its business and/or financial performance. Listeners may access the conference call live through the following dial-in number 844-215-4106 (domestic) or 918-534-8313 (international), using the password "EA" or via webcast at EA's IR Website at <http://ir.ea.com>.

EA has posted a slide presentation and a financial model of EA's historical results and guidance on [EA's](#) IR Website. EA will also post the prepared remarks and a transcript from the conference call on EA's IR Website.

A dial-in replay of the conference call will be available until May 22, 2017 at 855-859-2056 (domestic) or 404-537-3406 (international) using pin code 90756832. An audio webcast replay of the conference call will be available for one year on [EA's](#) IR Website.

Forward-Looking Statements

Some statements set forth in this release, including the information relating to EA's fiscal 2018 expectations under the heading "Business Outlook as of May 9, 2017," 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 develop and support digital products and services, including managing online security and privacy; 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 develop and implement new technology; foreign currency exchange rate fluctuations; general economic conditions; and other factors described in the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended December 31, 2016.

These forward-looking statements are current as of May 9, 2017. 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, 2017. 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, 2017.

About Electronic Arts

Electronic Arts (NASDAQ: EA) is a global leader in digital interactive entertainment. The Company develops and delivers games, content and online services for Internet-connected consoles, mobile devices and personal computers. EA has more than 300 million registered players around the world.

In fiscal year 2017, EA posted GAAP net revenue of \$4.8 billion. Headquartered in Redwood City, California, EA is recognized for a portfolio of critically acclaimed, high-quality brands such as The Sims™, Madden NFL, EA SPORTS™ FIFA, Battlefield™, Need for Speed™, Dragon Age™ and Plants vs. Zombies™. More information about EA is available at www.ea.com/news.

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ELECTRONIC ARTS INC. AND SUBSIDIARIES Unaudited Condensed Consolidated Statement of Operations (in \$ millions, except share per data)

| | Three Months Ended | | Twelve Months Ended | |
|---|--------------------|--------------|---------------------|-------------------|
| | March 31, | | March 31, | |
| | 2017 | 2016 | 2017 | 2016 ¹ |
| Net revenue | | | | |
| Product | 887 | 695 | 2,640 | 2,497 |
| Service and other | 640 | 613 | 2,205 | 1,899 |
| Total net revenue | 1,527 | 1,308 | 4,845 | 4,396 |
| Cost of revenue | | | | |
| Product | 97 | 70 | 893 | 938 |
| Service and other | 105 | 156 | 405 | 416 |
| Total cost of revenue | 202 | 226 | 1,298 | 1,354 |
| Gross profit | 1,325 | 1,082 | 3,547 | 3,042 |
| Operating expenses: | | | | |
| Research and development | 335 | 282 | 1,205 | 1,109 |
| Marketing and sales | 162 | 153 | 673 | 622 |
| General and administrative | 110 | 110 | 439 | 406 |
| Amortization of intangibles | 1 | 1 | 6 | 7 |
| Total operating expenses | 608 | 546 | 2,323 | 2,144 |
| Operating income | 717 | 536 | 1,224 | 898 |
| Interest and other income (expense), net | (1) | (10) | (14) | (21) |
| Income before provision for (benefit from) income taxes | 716 | 526 | 1,210 | 877 |
| Provision for (benefit from) income taxes | 150 | (373) | 243 | (279) |
| Net income | 566 | 899 | 967 | 1,156 |
| Earnings per share | | | | |

| | | | | |
|---|-------------|-------------|-------------|-------------|
| Basic | 1.84 | 2.93 | 3.19 | 3.73 |
| Diluted | 1.81 | 2.79 | 3.08 | 3.50 |
| Number of shares used in computation | | | | |
| Basic | 308 | 307 | 303 | 310 |
| Diluted | 312 | 322 | 314 | 330 |

¹Derived from audited consolidated financial statements.

Results (in \$ millions, except per share data)

The following table reports the variance of the actuals versus our guidance for the three months ended March 31, 2017 plus a comparison to the actuals for the three months ended March 31, 2016.

| | Three Months Ended March 31, | | | |
|---|-------------------------------------|-----------------|----------------|----------------|
| | 2017 | | 2017 | 2016 |
| | Guidance | Variance | Actuals | Actuals |
| Net revenue | | | | |
| Net revenue | 1,482 | 45 | 1,527 | 1,308 |
| GAAP-based financial data | | | | |
| Change in deferred net revenue (online-enabled games) | (407) | (28) | (435) | (384) |
| Cost of revenue | | | | |
| Cost of revenue | 242 | (40) | 202 | 226 |
| GAAP-based financial data | | | | |
| Acquisition-related expenses | — | — | — | (12) |
| Stock-based compensation | — | (1) | (1) | (1) |
| Operating expenses | | | | |
| Operating expenses | 591 | 17 | 608 | 546 |
| GAAP-based financial data | | | | |
| Acquisition-related expenses | (1) | — | (1) | (1) |
| Stock-based compensation | (50) | (1) | (51) | (46) |
| Income before tax | | | | |
| Income before tax | 641 | 75 | 716 | 526 |
| GAAP-based financial data | | | | |
| Acquisition-related expenses | 1 | — | 1 | 13 |
| Amortization of debt discount and loss on conversion of notes | — | — | — | 5 |
| Change in deferred net revenue (online-enabled games) | (407) | (28) | (435) | (384) |
| Stock-based compensation | 50 | 2 | 52 | 47 |
| Tax rate used for management reporting | 21% | | 21% | 22% |
| Earnings per share | | | | |
| Basic | 1.66 | 0.18 | 1.84 | 2.93 |
| Diluted | 1.64 | 0.17 | 1.81 | 2.79 |
| Number of shares | | | | |
| Basic | 309 | (1) | 308 | 307 |
| Diluted | 313 | (1) | 312 | 322 |

ELECTRONIC ARTS INC. AND SUBSIDIARIES

Unaudited Condensed Consolidated Balance Sheets

(in \$ millions)

| | March 31, | March 31, |
|---------------------------|------------------|-------------------------|
| | 2017 | 2016¹ |
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | 2,565 | 2,493 |
| Short-term investments | 1,967 | 1,341 |

| | | |
|---|--------------|--------------|
| Receivables, net of allowances of \$145 and \$159, respectively | 359 | 233 |
| Other current assets | 308 | 287 |
| Total current assets | 5,199 | 4,354 |
| Property and equipment, net | 434 | 439 |
| Goodwill | 1,707 | 1,710 |
| Acquisition-related intangibles, net | 8 | 57 |
| Deferred income taxes, net | 286 | 387 |
| Other assets | 84 | 103 |
| TOTAL ASSETS | 7,718 | 7,050 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | 87 | 89 |
| Accrued and other current liabilities | 789 | 710 |
| 0.75% convertible senior notes due 2016, net | — | 161 |
| Deferred net revenue (online-enabled games) | 1,539 | 1,458 |
| Total current liabilities | 2,415 | 2,418 |
| Senior notes, net | 990 | 989 |
| Income tax obligations | 104 | 80 |
| Deferred income taxes, net | 1 | 2 |
| Other liabilities | 148 | 163 |
| Total liabilities | 3,658 | 3,652 |
| 0.75% convertible senior notes due 2016 | — | 2 |
| Stockholders' equity: | | |
| Common stock | 3 | 3 |
| Additional paid-in capital | 1,049 | 1,349 |
| Retained earnings | 3,027 | 2,060 |
| Accumulated other comprehensive loss | (19) | (16) |
| Total stockholders' equity | 4,060 | 3,396 |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | 7,718 | 7,050 |

¹Derived from audited consolidated financial statements.

ELECTRONIC ARTS INC. AND SUBSIDIARIES
Unaudited Condensed Consolidated Statements of Cash Flows
(in \$ millions)

| | Three Months Ended | | Twelve Months Ended | |
|---|--------------------|------------|---------------------|-------------------|
| | March 31, | | March 31, | |
| | 2017 | 2016 | 2017 | 2016 ¹ |
| OPERATING ACTIVITIES | | | | |
| Net income | 566 | 899 | 967 | 1,156 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | | |
| Depreciation, amortization and accretion | 32 | 48 | 172 | 197 |
| Stock-based compensation | 52 | 47 | 196 | 178 |
| Loss on conversion of convertible notes | — | 2 | — | 10 |
| Change in assets and liabilities: | | | | |
| Receivables, net | 231 | 395 | (136) | 127 |
| Other assets | (37) | (14) | 3 | 22 |
| Accounts payable | 11 | (57) | 5 | 13 |
| Accrued and other liabilities | (116) | (128) | (5) | (252) |
| Deferred income taxes, net | 100 | (409) | 100 | (403) |
| Deferred net revenue (online-enabled games) | (432) | (387) | 81 | 175 |
| Net cash provided by operating activities | 407 | 396 | 1,383 | 1,223 |
| INVESTING ACTIVITIES | | | | |

| | | | | |
|--|--------------|--------------|--------------|--------------|
| Capital expenditures | (29) | (30) | (123) | (93) |
| Proceeds from maturities and sales of short-term investments | 313 | 234 | 1,281 | 941 |
| Purchase of short-term investments | (545) | (605) | (1,917) | (1,332) |
| Net cash (used in) investing activities | (261) | (401) | (759) | (484) |
| FINANCING ACTIVITIES | | | | |
| Proceeds from issuance of senior notes, net of issuance costs | — | 989 | — | 989 |
| Payment of convertible notes | — | (177) | (163) | (470) |
| Proceeds from issuance of common stock | 39 | 21 | 72 | 107 |
| Excess tax benefit from stock-based compensation | 12 | 13 | 65 | 86 |
| Repurchase and retirement of common stock | (125) | (634) | (508) | (1,018) |
| Net cash provided by (used in) financing activities | (74) | 212 | (534) | (306) |
| Effect of foreign exchange on cash and cash equivalents | 10 | 23 | (18) | (8) |
| Increase in cash and cash equivalents | 82 | 230 | 72 | 425 |
| Beginning cash and cash equivalents | 2,483 | 2,263 | 2,493 | 2,068 |
| Ending cash and cash equivalents | 2,565 | 2,493 | 2,565 | 2,493 |

¹Derived from audited consolidated financial statements.

ELECTRONIC ARTS INC. AND SUBSIDIARIES
Unaudited Supplemental Financial Information and Business Metrics
(in \$ millions, except per share data)

| | Q4 FY16 | Q1 FY17 | Q2 FY17 | Q3 FY17 | Q4 FY17 | YOY % Change |
|--|--------------|--------------|---------------|---------------|--------------|-----------------|
| Net revenue | | | | | | |
| Net revenue | 1,308 | 1,271 | 898 | 1,149 | 1,527 | 17% |
| GAAP-based financial data | | | | | | |
| Change in deferred net revenue (online-enabled games) ³ | (384) | (589) | 200 | 921 | (435) | |
| Gross profit | | | | | | |
| Gross profit | 1,082 | 1,092 | 497 | 633 | 1,325 | 22% |
| GAAP-based financial data | | | | | | |
| Acquisition-related expenses | 12 | 13 | 12 | 18 | — | |
| Change in deferred net revenue (online-enabled games) ³ | (384) | (589) | 200 | 921 | (435) | |
| Stock-based compensation | 1 | 1 | 1 | — | 1 | |
| <i>Gross profit % (as a % of net revenue)</i> | 83% | 86% | 55% | 55% | 87% | |
| Operating income | | | | | | |
| Operating income (loss) | 536 | 560 | (49) | (4) | 717 | 34% |
| GAAP-based financial data | | | | | | |
| Acquisition-related expenses | 13 | 15 | 13 | 20 | 1 | |
| Change in deferred net revenue (online-enabled games) ³ | (384) | (589) | 200 | 921 | (435) | |
| Stock-based compensation | 47 | 48 | 48 | 48 | 52 | |
| <i>Operating income (loss) % (as a % of net revenue)</i> | 41% | 44% | (5%) | — | 47% | |
| Net income | | | | | | |
| Net income (loss) | 899 | 440 | (38) | (1) | 566 | (37%) |
| GAAP-based financial data | | | | | | |
| Acquisition-related expenses | 13 | 15 | 13 | 20 | 1 | |
| Amortization of debt discount and loss on conversion of notes | 5 | 2 | — | — | — | |
| Change in deferred net revenue (online-enabled games) ³ | (384) | (589) | 200 | 921 | (435) | |
| Stock-based compensation | 47 | 48 | 48 | 48 | 52 | |
| Tax rate used for management reporting | 22% | 21% | 21% | 21% | 21% | |
| <i>Net income (loss) % (as a % of net revenue)</i> | 69% | 35% | (4%) | — | 37% | |
| Diluted earnings (loss) per share | | | | | | |
| Earnings (loss) per share | 2.79 | 1.40 | (0.13) | (0.00) | 1.81 | (35%) |
| Number of diluted shares used in computation | | | | | | |

ELECTRONIC ARTS INC. AND SUBSIDIARIES
Unaudited Supplemental Financial Information and Business Metrics
(in \$ millions)

| | Q4 | Q1 | Q2 | Q3 | Q4 | YOY |
|--|--------------|--------------|-------------|--------------|--------------|---------------|
| | FY16 | FY17 | FY17 | FY17 | FY17 | % |
| | | | | | | Change |
| QUARTERLY NET REVENUE PRESENTATIONS | | | | | | |
| Net revenue by platform | | | | | | |
| Xbox One, PLAYSTATION 4 | 793 | 776 | 513 | 728 | 1,039 | 31% |
| Xbox 360, PLAYSTATION 3 | 147 | 133 | 64 | 65 | 69 | (53%) |
| Other consoles | 1 | 1 | 1 | — | 1 | — |
| Total consoles | 941 | 910 | 578 | 793 | 1,109 | 18% |
| PC / Browser | 195 | 179 | 158 | 190 | 246 | 26% |
| Mobile | 151 | 165 | 149 | 148 | 165 | 9% |
| Other | 21 | 17 | 13 | 18 | 7 | (67%) |
| Total net revenue | 1,308 | 1,271 | 898 | 1,149 | 1,527 | 17% |
| Xbox One, PLAYSTATION 4 | (287) | (441) | 177 | 762 | (375) | |
| Xbox 360, PLAYSTATION 3 | (93) | (92) | 43 | 3 | (40) | |
| Other consoles | (1) | — | — | — | — | |
| Total consoles | (381) | (533) | 220 | 765 | (415) | |
| PC / Browser | (27) | (30) | (9) | 127 | (30) | |
| Mobile | 23 | (24) | (11) | 27 | 9 | |
| Other | 1 | (2) | — | 2 | 1 | |
| Change in deferred net revenue (online-enabled games) | (384) | (589) | 200 | 921 | (435) | |
| Xbox One, PLAYSTATION 4 | 61% | 61% | 57% | 63% | 68% | |
| Xbox 360, PLAYSTATION 3 | 11% | 11% | 7% | 6% | 5% | |
| Other consoles | — | — | — | — | — | |
| Total consoles | 72% | 72% | 64% | 69% | 73% | |
| PC / Browser | 15% | 14% | 18% | 17% | 16% | |
| Mobile | 11% | 13% | 17% | 13% | 11% | |
| Other | 2% | 1% | 1% | 1% | — | |
| Total net revenue % | 100% | 100% | 100% | 100% | 100% | |

ELECTRONIC ARTS INC. AND SUBSIDIARIES
Unaudited Supplemental Financial Information and Business Metrics
(in \$ millions)

| | Q4 | Q1 | Q2 | Q3 | Q4 | YOY % |
|---|-------------|-------------|-------------|-------------|-------------|---------------|
| | FY16 | FY17 | FY17 | FY17 | FY17 | Change |
| CASH FLOW DATA | | | | | | |
| Operating cash flow | 396 | (248) | 109 | 1,115 | 407 | 3% |
| Operating cash flow - TTM | 1,223 | 1,046 | 1,146 | 1,372 | 1,383 | 13% |
| Capital expenditures | 30 | 40 | 29 | 25 | 29 | (3%) |
| Capital expenditures - TTM | 93 | 109 | 120 | 124 | 123 | 32% |
| Repurchase and retirement of common stock | 634 | 129 | 127 | 127 | 125 | (80%) |
| DEPRECIATION | | | | | | |
| Depreciation expense | 28 | 29 | 28 | 29 | 29 | 4% |
| BALANCE SHEET DATA | | | | | | |
| Cash and cash equivalents | 2,493 | 2,042 | 1,746 | 2,483 | 2,565 | |
| Short-term investments | 1,341 | 1,385 | 1,520 | 1,736 | 1,967 | |
| Cash and cash equivalents, and short-term investments | 3,834 | 3,427 | 3,266 | 4,219 | 4,532 | 18% |
| Receivables, net | 233 | 246 | 723 | 587 | 359 | 54% |
| STOCK-BASED COMPENSATION | | | | | | |

| | | | | | |
|--------------------------------|-----------|-----------|-----------|-----------|-----------|
| Cost of revenue | 1 | 1 | 1 | — | 1 |
| Research and development | 26 | 27 | 27 | 27 | 28 |
| Marketing and sales | 7 | 7 | 8 | 8 | 8 |
| General and administrative | 13 | 13 | 12 | 13 | 15 |
| Total stock-based compensation | <u>47</u> | <u>48</u> | <u>48</u> | <u>48</u> | <u>52</u> |

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