



# **Electronic Arts Inc. Q2 FY 2014 Results**

October 29, 2013

# Safe Harbor Statement



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

---

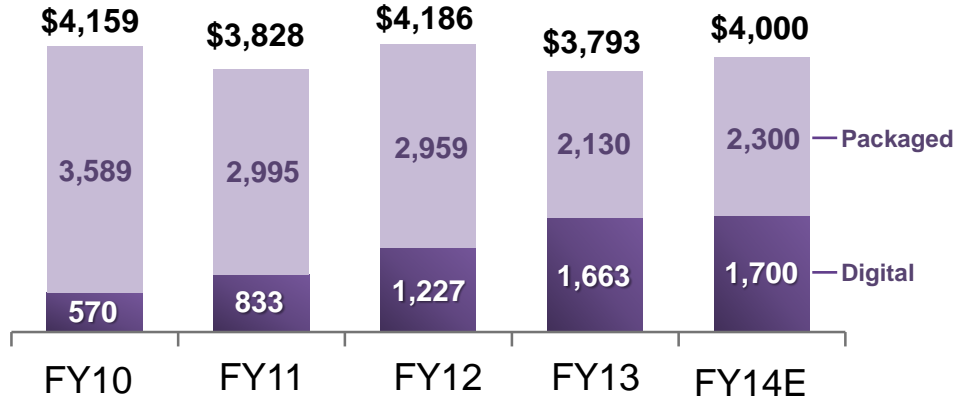
- Some statements set forth in this document, including the information relating to EA's fiscal year 2014 guidance and title slate, contain forward-looking statements that are subject to change. Statements including words such as "anticipate", "believe", "estimate" or "expect" and statements in the future 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, 2013.
- These forward-looking statements are valid as of October 29, 2013 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, 2013. Electronic Arts assumes no obligation and does not intend to update these estimates prior to filing its Form 10-Q for the fiscal quarter ended September 30, 2013.

# EA Growth Trends

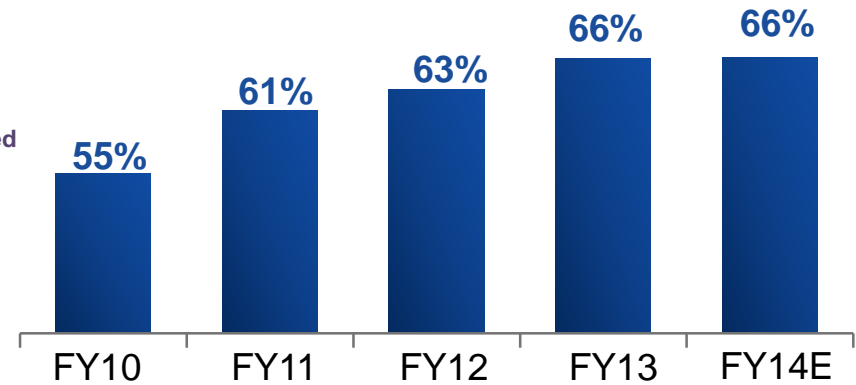


## Net Revenue <sup>1</sup>

(\$ in Millions)

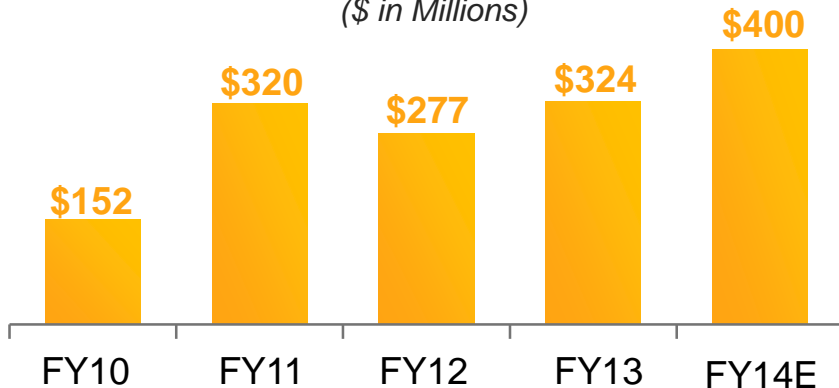


## Gross Profit <sup>1</sup>

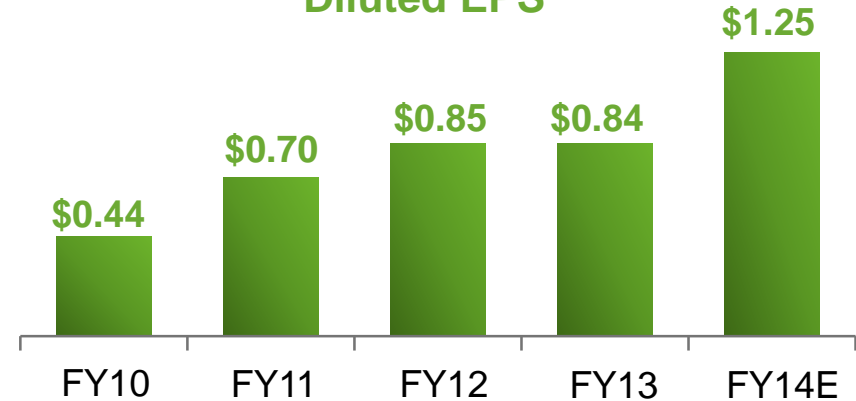


## Operating Cash Flow

(\$ in Millions)



## Diluted EPS <sup>1</sup>



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

# Q2 FY14 Update<sup>1</sup>

---



**Digital Revenue:** Increased by 11% year-over-year in Q2 to \$348 million

**Gross Margin:** 61.7% for the quarter, up 1.6 pt over the prior year, driven by growth in digital, lower processing fees as we move away from the social business, and the benefits from our new digital platform

**Op Expense:** \$499 million, \$82 million below last year and \$51 million below guidance, due to cost controls and partly due to the phasing of marketing expenses into the holiday quarter

**EPS:** \$0.33 per share for the quarter, exceeding guidance due to lower operating expenses, stronger revenues and slightly higher gross profit margins

**Buyback:** No shares repurchased during Q2; to date 22 million shares have been repurchased at a total cost of \$278 million

<sup>1</sup> On a non-GAAP basis.

# Q2 FY14 Guidance vs. Actuals



Ending September 30, 2013

	GAAP		Non-GAAP	
	Guidance	Actuals	Guidance	Actuals
Net Revenue	\$625	\$695	\$975	\$1,040
Gross Profit Margin	38%	40.6%	61%	61.7%
Operating Expense	\$596	\$534	\$550	\$499
Tax Expense	\$10	\$13	\$13	\$35
Net Income/(Loss)	(\$375)	(\$273)	\$38	\$105
Diluted Earnings/(Loss) Per Share	(\$1.22)	(\$0.89)	\$0.12	\$0.33
Diluted Shares	308	308	316	316

In millions, except per share data.

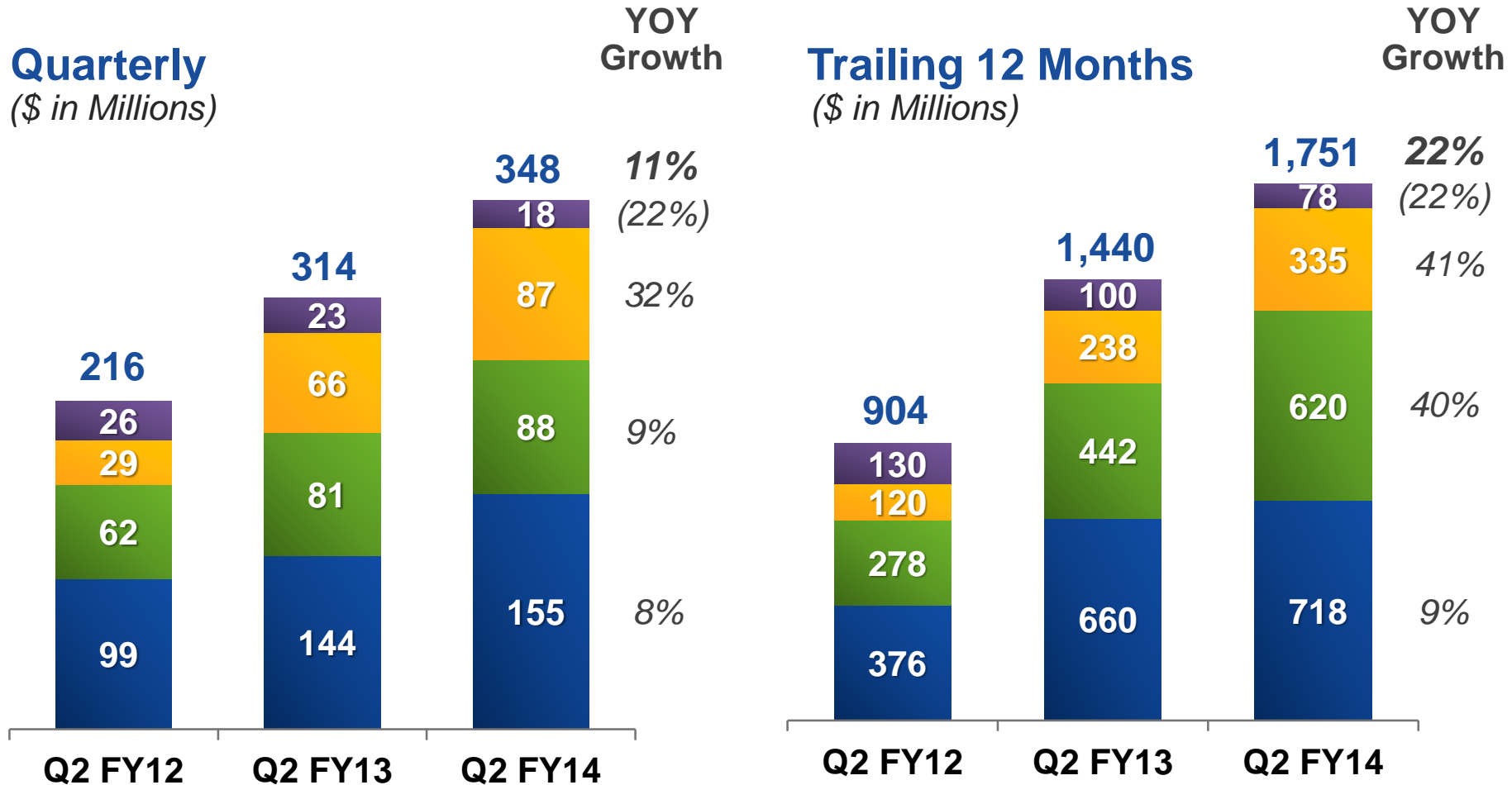
# Q2 FY14 Financial Summary



	GAAP		Non-GAAP	
	Q2FY13	Q2 FY14	Q2 FY13	Q2 FY14
Net Revenue	\$711	\$695	\$1,080	\$1,040
Gross Profit Margin	37.4%	40.6%	60.1%	61.7%
Operating Expense	\$630	\$534	\$581	\$499
Operating Income/(Loss)	(\$364)	(\$252)	\$68	\$143
Operating Margin	(51.2%)	(36.3%)	6.3%	13.8%
Diluted Earnings/(Loss) Per Share	(\$1.21)	(\$0.89)	\$0.15	\$0.33
Operating Cash Flow	(\$28)	(\$6)		
EBITDA	(\$270)	(\$164)	\$97	\$175

In millions, except per share data.

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



<sup>1</sup> In millions, on a non-GAAP basis. PC includes browser.

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

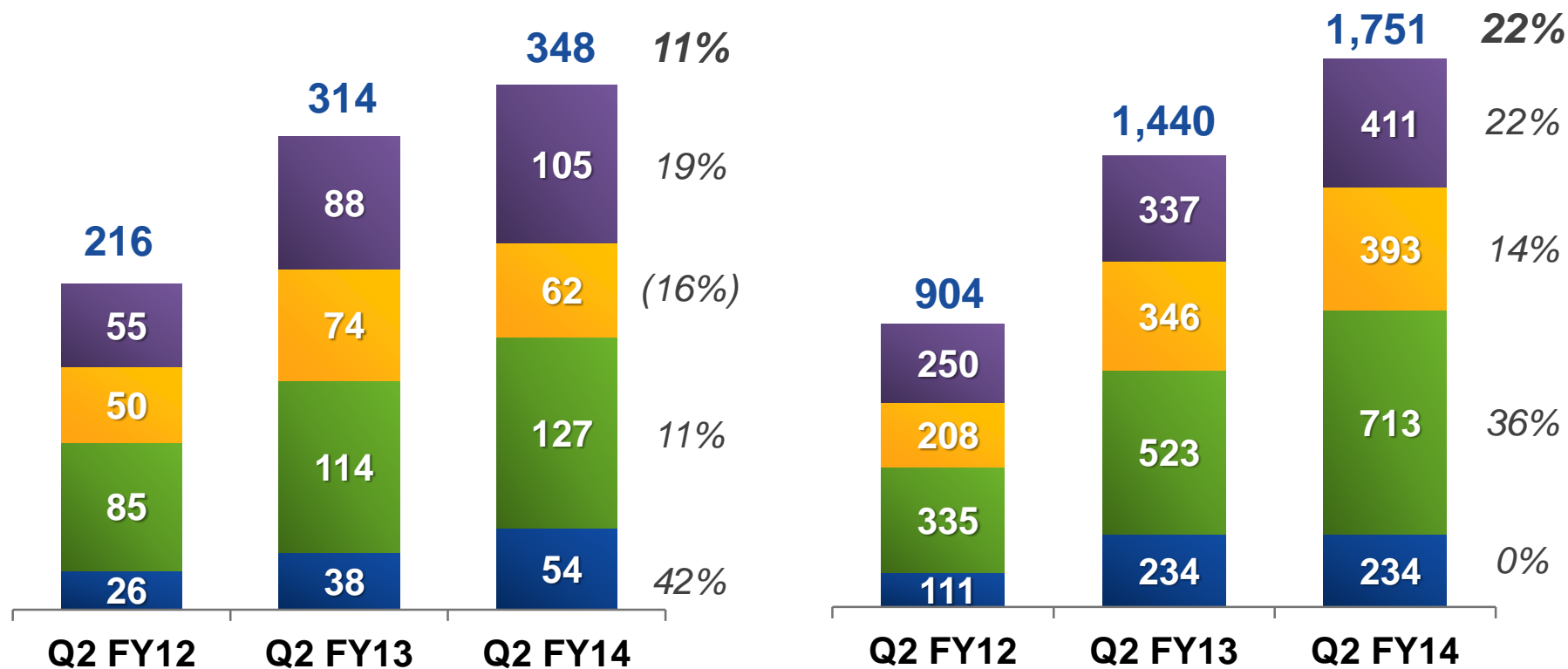


**Quarterly**  
(\$ in Millions)

YOY  
Growth

**Trailing 12 Months**  
(\$ in Millions)

YOY  
Growth



<sup>1</sup> In millions, on a non-GAAP basis.



# FY 14 Titles and Services



HD

Subscription

PC Client/Browser

Mobile/Tablet

Social

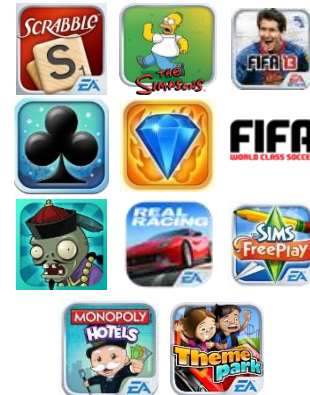
## FY14 Releases



Others to be announced

Others to be announced

## Existing Live Services



# Guidance – Q3 FY14

Ending December 31, 2013



	GAAP	Non-GAAP
Net Revenue	\$775	\$1,650
Gross Profit Margin	30%	68%
Operating Expense	\$646	\$600
Tax Expense	\$15	\$129
Net Income (Loss)	(\$439)	\$388
Earnings (Loss) Per Share	(\$1.42)	\$1.22
Diluted Shares (Basic for Loss)	309	318

In millions, except per share data.

Non-GAAP Tax Rate: 25%.

These forward-looking statements are valid as of October 29, 2013 only.

Electronic Arts assumes no obligation to update these forward-looking statements.

# Guidance – Full Year FY14



Ending March 31, 2014

	GAAP	Non-GAAP
Revenue		
Publishing and Other Revenue	\$1,950	\$2,200
Digital Revenue	\$1,500	\$1,700
Distribution Revenue	\$100	\$100
Total Revenue	\$3,550	\$4,000
Gross Profit Margin	60%	66%
Operating Expense	\$2,269	\$2,100
Tax Expense	\$50	\$132
Net Income (Loss)	(\$221)	\$396
Earnings (Loss) Per Share	(\$0.72)	\$1.25
Diluted Shares (Basic for Loss)	308	317
Operating Cash Flow	\$400	

In millions, except per share data.

Non-GAAP Tax Rate: 25%.

These forward-looking statements are valid as of October 29, 2013 only.

Electronic Arts assumes no obligation to update these forward-looking statements.

# Guidance - Phasing



## FY14 Quarterly Revenue<sup>1</sup>

---

Non-GAAP Net Revenue	Q1	Q2	Q3E	Q4E
Non-GAAP	12%	26%	41%	21%
GAAP	27%	19%	22%	32%

<sup>1</sup> These forward-looking statements are valid as of October 29, 2013 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).

# FY14 Announced Titles



<b>Q1</b>	Games	Fuse <sup>(1)</sup>	Console		
<b>Q2</b>	Sports	FIFA 14	Console	Handheld/Mobile	PC
		Madden NFL 25	Console	Handheld/Mobile	
		NCAA Football 14	Console		
		NHL 14	Console		
<b>Q3</b>	Sports	FIFA Manager 14			PC
		NBA Live 14	Console		
	Games	Battlefield 4	Console		PC
		Need for Speed	Console		PC
<b>Q4</b>	Games	Titanfall <sup>(1)</sup>	Console		PC

<sup>(1)</sup> Co-Published Title



# **Supplemental Financial Information**



# Guidance<sup>1</sup>

## Currency Assumptions

---

- Exchange rates remain volatile
- Current guidance FX assumptions:
  - \$1.35 USD/Euro
    - Revenue and EPS decreases if the Euro weakens v. USD
  - \$1.61 USD/British Pound Sterling
    - Revenue and EPS decreases if the British Pound Sterling weakens v. USD
  - \$0.97 USD/Canadian Dollar
    - R&D costs increase if the Canadian Dollar strengthens v. USD
- Using spot exchange rates as of October 28, 2013:
  - Negligible impact to FY14 non-GAAP EPS
  - Neutral impact for remainder of FY14 non-GAAP Net Operating Income

<sup>1</sup> These forward-looking statements are valid as of October 29, 2013 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 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 (online-enabled games)
  - College football settlement expenses
  - Loss (gain) on strategic investments
  - Restructuring charges
  - Stock-based compensation
  - Income tax adjustments

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. These non-GAAP financial measures also facilitate comparisons of the Company's performance to prior periods. In its earnings press release dated October 29, 2013, Electronic Arts has provided a reconciliation of the most comparable GAAP financial measures to the non-GAAP financial measures.



# Q2 FY14 Reconciliation



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

	Three Months Ended September 30, 2013										
	GAAP Results	% of Revenue	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	% of Revenue
<b>Net revenue</b>	<b>\$ 695</b>		\$ -	\$ -	\$ 345	\$ -	\$ -	\$ -	\$ -	<b>\$ 1,040</b>	
Cost of revenue	413	59.4%	(14)	-	-	-	-	(1)	-	398	38.3%
<b>Gross profit</b>	<b>282</b>	<b>40.6%</b>	<b>14</b>	<b>-</b>	<b>345</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>642</b>	<b>61.7%</b>
Operating expenses:											
Marketing and sales	164	23.6%	-	-	-	-	-	(6)	-	158	15.2%
General and administrative	129	18.6%	-	-	-	(40)	-	(8)	-	81	7.7%
Research and development	283	40.7%	-	-	-	-	-	(23)	-	260	25.0%
Acquisition-related contingent consideration	(44)	-6.3%	44	-	-	-	-	-	-	-	-
Amortization of intangibles	4	0.6%	(4)	-	-	-	-	-	-	-	-
Restructuring and other	(2)	-0.3%	-	-	-	-	2	-	-	-	-
Total operating expenses	534	76.9%	40	-	-	(40)	2	(37)	-	499	47.9%
<b>Operating income (loss)</b>	<b>(252)</b>	<b>-36.3%</b>	<b>(26)</b>	<b>-</b>	<b>345</b>	<b>40</b>	<b>(2)</b>	<b>38</b>	<b>-</b>	<b>143</b>	<b>13.8%</b>
Interest and other income (expense), net	(8)	-1.1%	-	5	-	-	-	-	-	(3)	-0.3%
Income (loss) before provision for (benefit from) income taxes	(260)	-37.4%	(26)	5	345	40	(2)	38	-	140	13.5%
Provision for income taxes	13	1.9%	-	-	-	-	-	-	22	35	3.4%
<b>Net income (loss)</b>	<b>\$ (273)</b>	<b>-39.3%</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>10.1%</b>
<b>Loss per share</b>										<b>Earnings per share</b>	
Basic and diluted	\$ (0.89)									Basic	\$ 0.34
										Diluted	\$ 0.33
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.

# Q2 FY13 Reconciliation



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

Three Months Ended September 30, 2012										
	GAAP Results	% of Revenue	Acquisition-related expenses	Amortization of debt discount	Change in deferred net revenue (online-enabled games)	Restructuring and other	Stock-based compensation	Income tax adjustments	Non-GAAP Results	% of Revenue
<b>Net revenue</b>	<b>\$ 711</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ 369</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,080</b>	
Cost of revenue	445	62.6%	(14)	-	-	-	-	-	431	39.9%
<b>Gross profit</b>	<b>266</b>	<b>37.4%</b>	<b>14</b>	<b>-</b>	<b>369</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>649</b>	<b>60.1%</b>
Operating expenses:										
Marketing and sales	219	30.8%	-	-	-	-	(9)	-	210	19.5%
General and administrative	100	14.1%	-	-	-	-	(9)	-	91	8.4%
Research and development	306	43.0%	-	-	-	-	(26)	-	280	25.9%
Amortization of intangibles	7	1.0%	(7)	-	-	-	-	-	-	-
Restructuring and other	(2)	-0.3%	-	-	-	2	-	-	-	-
Total operating expenses	630	88.6%	(7)	-	-	2	(44)	-	581	53.8%
<b>Operating income (loss)</b>	<b>(364)</b>	<b>-51.2%</b>	<b>21</b>	<b>-</b>	<b>369</b>	<b>(2)</b>	<b>44</b>	<b>-</b>	<b>68</b>	<b>6.3%</b>
Interest and other income (expense), net	(4)	-0.6%	-	5	-	-	-	-	1	0.1%
Income (loss) before provision for income taxes	(368)	-51.8%	21	5	369	(2)	44	-	69	6.4%
Provision for income taxes	13	1.8%	-	-	-	-	-	7	20	1.9%
<b>Net income (loss)</b>	<b>\$ (381)</b>	<b>-53.6%</b>	<b>\$ 21</b>	<b>\$ 5</b>	<b>\$ 369</b>	<b>\$ (2)</b>	<b>\$ 44</b>	<b>\$ (7)</b>	<b>\$ 49</b>	<b>4.5%</b>
Loss per share										
Basic and diluted	\$ (1.21)									
Earnings per share										
									\$ 0.16	
									\$ 0.15	
Number of shares used in computation										
Basic and diluted	316								316	
									318	

# TTM Q2 FY14 Reconciliation



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

	Trailing Twelve Months Ended September 30, 2013											
	GAAP	% of	Acquisition-	Amortization of	Change in	College	Gain on strategic	Restructuring	Stock-based	Income tax	Non-GAAP	% of
	Results	Revenue	related expenses	debt discount	deferred net	football	investments	and other	compensation	adjustments	Results	Revenue
					revenue	settlement						
					(online-	expenses						
					enabled							
					games)							
Net revenue	\$ 3,775		\$ -	\$ -	\$ (18)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,757	
Cost of revenue	1,345	35.6%	(93)	-	-	-	-	-	(2)	-	1,250	33.3%
Gross profit	2,430	64.4%	93	-	(18)	-	-	-	2	-	2,507	66.7%
Operating expenses:												
Marketing and sales	729	19.3%	-	-	-	-	-	-	(27)	-	702	18.7%
General and administrative	380	10.1%	-	-	-	(40)	-	-	(33)	-	307	8.2%
Research and development	1,126	29.8%	-	-	-	-	-	-	(90)	-	1,036	27.5%
Acquisition-related contingent consideration	(81)	-2.1%	81	-	-	-	-	-	-	-	-	-
Amortization of intangibles	24	0.7%	(24)	-	-	-	-	-	-	-	-	-
Restructuring and other	1	-	-	-	-	-	-	(1)	-	-	-	-
Total operating expenses	2,179	57.8%	57	-	-	(40)	-	(1)	(150)	-	2,045	54.4%
Operating income	251	6.6%	36	-	(18)	40	-	1	152	-	462	12.3%
Gain on strategic investments	39	1.1%	-	-	-	-	(39)	-	-	-	-	-
Interest and other income (expense), net	(25)	-0.7%	-	20	-	-	-	-	-	-	(5)	-0.1%
Income before provision for income taxes	265	7.0%	36	20	(18)	40	(39)	1	152	-	457	12.2%
Provision for income taxes	38	1.0%	-	-	-	-	-	-	-	90	128	3.4%
Net income	\$ 227	6.0%	\$ 36	\$ 20	\$ (18)	\$ 40	\$ (39)	\$ 1	\$ 152	\$ (90)	\$ 329	8.8%

# TTM Q2 FY13 Reconciliation



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

Trailing Twelve Months Ended September 30, 2012

	GAAP Results	% of Revenue	Acquisition- related expenses	Amortization of debt discount	Certain non- recurring litigation expenses	Change in Deferred Net Revenue (online- enabled games)	Restructuring and other	Stock-Based Compensation	Income Tax Adjustments	Non-GAAP Results	% of Revenue
<b>Net revenue</b>	<b>\$ 4,095</b>		\$ -	\$ -	\$ -	\$ 104	\$ -	\$ -	\$ -	<b>\$ 4,199</b>	
Cost of revenue	1,576	38.5%	(70)	-	-	-	-	(2)	-	1,504	35.8%
<b>Gross profit</b>	<b>2,519</b>	<b>61.5%</b>	<b>70</b>	<b>-</b>	<b>-</b>	<b>104</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>2,695</b>	<b>64.2%</b>
Operating expenses:											
Marketing and sales	876	21.4%	-	-	-	-	-	(31)	-	845	20.1%
General and administrative	404	9.9%	-	-	(27)	-	-	(39)	-	338	8.1%
Research and development	1,179	28.8%	-	-	-	-	-	(100)	-	1,079	25.7%
Acquisition-related contingent consideration	(28)	-0.7%	28	-	-	-	-	-	-	-	-
Amortization of intangibles	31	0.7%	(31)	-	-	-	-	-	-	-	-
Restructuring and other	24	0.6%	-	-	-	-	(24)	-	-	-	-
Total operating expenses	2,486	60.7%	(3)	-	(27)	-	(24)	(170)	-	2,262	53.9%
<b>Operating income</b>	<b>33</b>	<b>0.8%</b>	<b>73</b>	<b>-</b>	<b>27</b>	<b>104</b>	<b>24</b>	<b>172</b>	<b>-</b>	<b>433</b>	<b>10.3%</b>
Interest and other expense (expense), net	(23)	-0.5%	-	20	-	-	-	-	-	(3)	-
Income before provision for (benefit from) income taxes	10	0.3%	73	20	27	104	24	172	-	430	10.3%
Provision for (benefit from) income taxes	(5)	-0.1%	-	-	-	-	-	-	126	121	2.9%
<b>Net income</b>	<b>\$ 15</b>	<b>0.4%</b>	<b>\$ 73</b>	<b>\$ 20</b>	<b>\$ 27</b>	<b>\$ 104</b>	<b>\$ 24</b>	<b>\$ 172</b>	<b>\$ (126)</b>	<b>\$ 309</b>	<b>7.4%</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.

	Three Months Ended September 30, 2013						
	GAAP Results	Acquisition-related expenses	Change in deferred net revenue (online-enabled games)	College football settlement expenses	Restructuring and other	Stock-Based compensation	Non-GAAP Results
Operating income (loss)	\$ (252)	\$ (26)	\$ 345	\$ 40	\$ (2)	\$ 38	\$ 143
Adjustments:							
Stock-based compensation	38	-	-	-	-	(38)	-
Depreciation	32	-	-	-	-	-	32
Amortization of acquisition-related intangibles	18	(18)	-	-	-	-	-
Total adjustments	88	(18)	-	-	-	(38)	32
<b>EBITDA</b>	<b>\$ (164)</b>	<b>\$ (44)</b>	<b>\$ 345</b>	<b>\$ 40</b>	<b>\$ (2)</b>	<b>\$ -</b>	<b>\$ 175</b>

# Q2 FY13 EBITDA Reconciliation



The following table provides a reconciliation of the non-GAAP financial measures regarding Electronic Arts' EBITDA to the nearest comparable GAAP financial measures.

	Three Months Ended September 30, 2012					
	GAAP Results	Acquisition- related expenses	Change in Deferred Net Revenue (Packaged Goods and Digital Content)	Restructuring and other	Stock-Based compensation	Non-GAAP Results
Operating income (loss)	\$ (364)	\$ 21	\$ 369	\$ (2)	\$ 44	\$ 68
Adjustments:						
Stock-based compensation	44	-	-	-	(44)	-
Depreciation	29	-	-	-	-	29
Amortization of acquisition-related intangibles	21	(21)	-	-	-	-
Total adjustments	94	(21)	-	-	(44)	29
<b>EBITDA</b>	<b>\$ (270)</b>	<b>\$ -</b>	<b>\$ 369</b>	<b>\$ (2)</b>	<b>\$ -</b>	<b>\$ 97</b>

# Q3 FY14 Guidance Reconciliation



The following table provides a reconciliation of the non-GAAP financial measures regarding Electronic Arts' Q3 FY14 guidance to the nearest comparable GAAP financial measures. These are preliminary estimates and expectations based on current information as of October 29, 2013 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 (Packaged Goods and Digital Content)</u>	<u>Restructuring</u>	<u>Stock-Based Compensation</u>	<u>Tax Adjustments</u>	<u>Non-GAAP Guidance</u>
<i>Approximate Net Revenue</i>	\$ 775			875				\$ 1,650
<i>Approximate Gross Margin %</i>	30%	2%		36%				68%
<i>Approximate Operating Expense</i>	\$ 646	(5)			(1)	(40)		\$ 600
<i>Approximate Tax Expense (Benefit)</i>	\$ 15						114	\$ 129
<b>Net Income (Loss)</b>	\$ (439)	20	5	875	1	40	(114)	\$ 388
<b>Earnings (Loss) Per Share</b>	\$ (1.42)							\$ 1.22
Diluted shares (Basic for Loss)	309							318

In millions, except per share data.

These forward-looking statements are valid as of October 29, 2013 only.

Electronic Arts assumes no obligation to update these forward-looking statements.

# FY14 Guidance Reconciliation



The following table provides a reconciliation of the non-GAAP financial measures regarding Electronic Arts' FY14 guidance to the nearest comparable GAAP financial measures. These are preliminary estimates and expectations based on current information as of October 29, 2013 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 (Packaged Goods and Digital Content)</u>	<u>College Football Settlement Expenses</u>	<u>Restructuring</u>	<u>Stock-Based Compensation</u>	<u>Tax Adjustments</u>	<u>Non-GAAP Guidance</u>
<i>Approximate Net Revenue</i>	\$ 3,550			450					\$ 4,000
<i>Approximate Gross Margin %</i>	60%	2%		4%					66%
<i>Approximate Operating Expense</i>	\$ 2,269	22			(40)	(1)	(150)		\$ 2,100
<i>Approximate Tax Expense (Benefit)</i>	\$ 50							82	\$ 132
<i>Net Income (Loss)</i>	\$ (221)	38	20	450	40	1	150	(82)	\$ 396
<i>Earnings (Loss) Per Share</i>	\$ (0.72)								\$ 1.25
Diluted shares (Basic for Loss)	308								317

In millions, except per share data.

These forward-looking statements are valid as of October 29, 2013 only.

Electronic Arts assumes no obligation to update these forward-looking statements.