



# Electronic Arts Inc. Q3 FY 2011 Results

February 1, 2011

# Safe Harbor Statement

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

---



- Some statements set forth in this document, including the estimates relating to EA's fiscal year 2011 guidance information and fiscal year 2011 title slate contain forward-looking statements that are subject to change. Statements including words such as "anticipate", "believe", "estimate" or "expect" and statements in the future tense are forward-looking statements. These forward-looking statements are preliminary estimates and expectations based on current information and are subject to business and economic risks and uncertainties that could cause actual events or actual future results to differ materially from the expectations set forth in the forward-looking statements.
- Some of the factors which could cause the Company's results to differ materially from its expectations include the following: sales of the Company's titles; the general health of the U.S. and global economy and the related impact on discretionary consumer spending; fluctuations in foreign exchange rates; consumer spending trends; the Company's ability to manage expenses; the competition in the interactive entertainment industry; the effectiveness of the Company's sales and marketing programs; timely development and release of Electronic Arts' products; the consumer demand for, and the availability of an adequate supply of console hardware units (including the Xbox 360® video game and entertainment system, the PlayStation®3 computer entertainment system and the Wii™); the Company's ability to predict consumer preferences among competing hardware platforms; the financial impact of the Playfish acquisition and potential future acquisitions by EA; the Company's ability to realize the anticipated benefits of acquisitions; the seasonal and cyclical nature of the interactive game segment; the Company's ability to attract and retain key personnel; changes in the Company's effective tax rates; the performance of strategic investments; the impact of certain accounting requirements, such as the Company's ability to estimate and recognize goodwill impairment charges and determine deferred tax valuation allowances; adoption of new accounting regulations and standards; potential regulation of the Company's products in key territories; developments in the law regarding protection of the Company's products; the Company's ability to secure licenses to valuable entertainment properties on favorable terms; the stability of the Company's key customers, and other factors described in the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2010.
- These forward-looking statements are valid as of February 1, 2011 only.
- Electronic Arts assumes no obligation and does not intend to update these forward-looking statements. In addition, the preliminary financial results set forth in this document are estimates based on information currently available to Electronic Arts. While Electronic Arts believes these estimates are meaningful, they could differ from the actual amounts that Electronic Arts ultimately reports in its Quarterly Report on Form 10-Q for the fiscal quarter ended December 31, 2010. 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 December 31, 2010.
- In addition, this presentation includes various third party estimates regarding the total available segment and other measures, which do not necessarily reflect the view of Electronic Arts. Further, Electronic Arts does not guarantee the accuracy or reliability of any such information or forecast.

# Q3 Summary

## Non-GAAP Results In Line with Guidance

---



Frontline: *Need for Speed Hot Pursuit* offsets *EA SPORTS Active 2*

Catalog: in line, key titles were *FIFA 11* and *Madden 11*

Digital: Up 39% year-over-year; reaffirming FY11 \$750 M target\*

OpEx: Down 7% year-to-date; FY11 tracking toward \$2.0 B

Outlook: Raising low end of FY11 non-GAAP EPS guidance

Capital: Announcing \$600 M stock buyback

# Financial Summary



	GAAP		Non-GAAP	
	Q3 FY10	Q3 FY11	Q3 FY10	Q3 FY11
Net revenue	1,243	1,053	1,346	1,410
Net revenue at Q3 FY10 FX rates		1,090		1,429
Gross profit margin	47.4%	44.3%	51.6%	58.7%
Diluted EPS	(\$0.25)	(\$0.97)	\$0.33	\$0.59
Headcount			8,537	7,742
Headcount in low cost locations			20%	22%
Operating cash flow	221	349	221	349
TTM operating cash flow	114	320	114	320
TTM Digital revenue	490	676	524	721

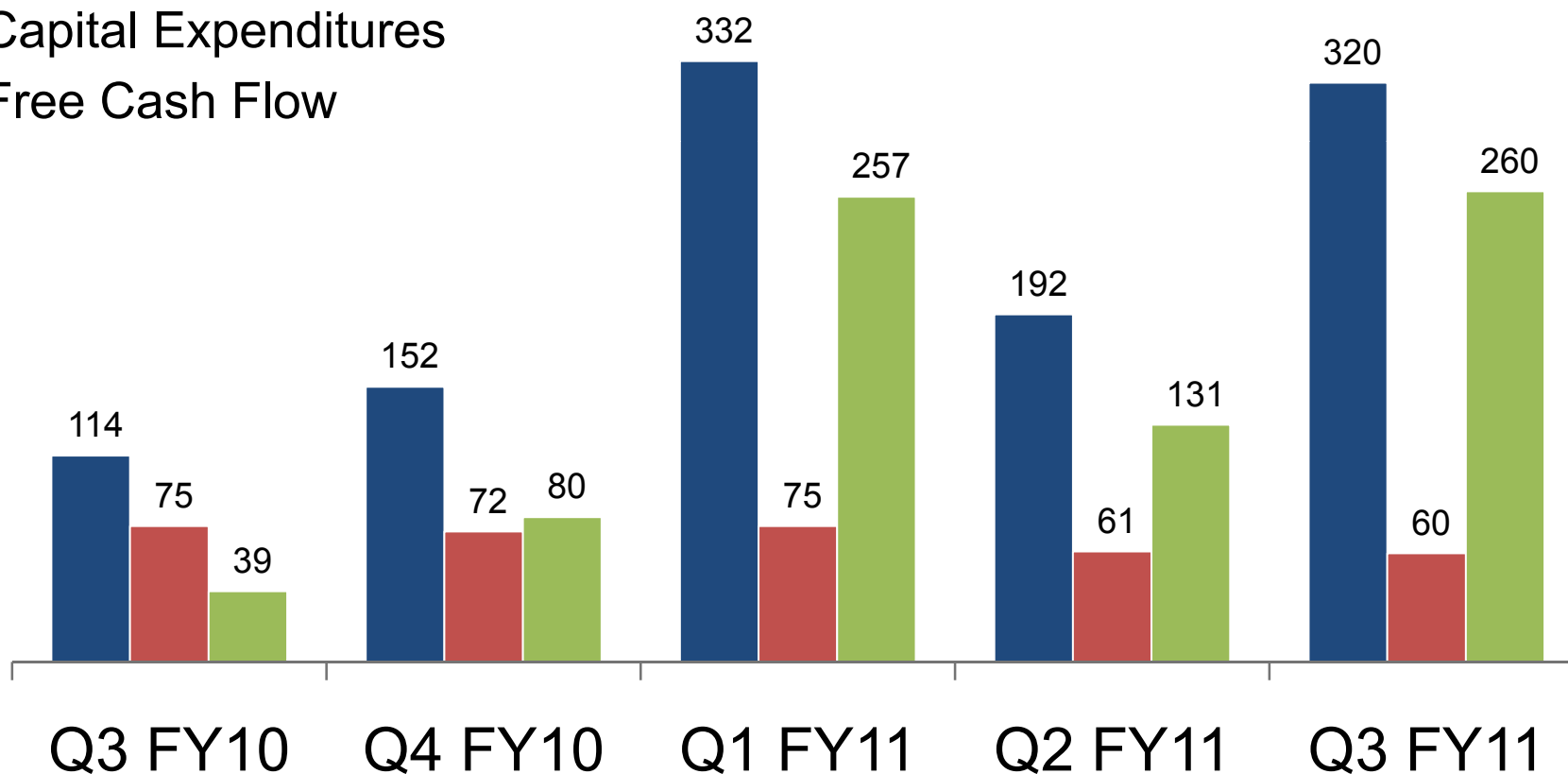
\* \$, in millions, except per share amounts and headcount.



# Cash Flow and Cap Ex

Trailing twelve months\*

- Operating Cash Flow
- Capital Expenditures
- Free Cash Flow



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

# Balance Sheet Highlights

Over \$5.75/share in cash and marketable securities, no debt



	Dec. 31, 2009	Dec. 31, 2010
Total Cash, Short-Term Investments, and Marketable Securities	1,784	1,971
Debt	—	—
Inventories	144	105
Sales Returns and Allowances (SRA) as a percentage of:		
Trailing six month non-GAAP revenue	11%	15%
Trailing nine month non-GAAP revenue	8%	12%

# EA Segment Share

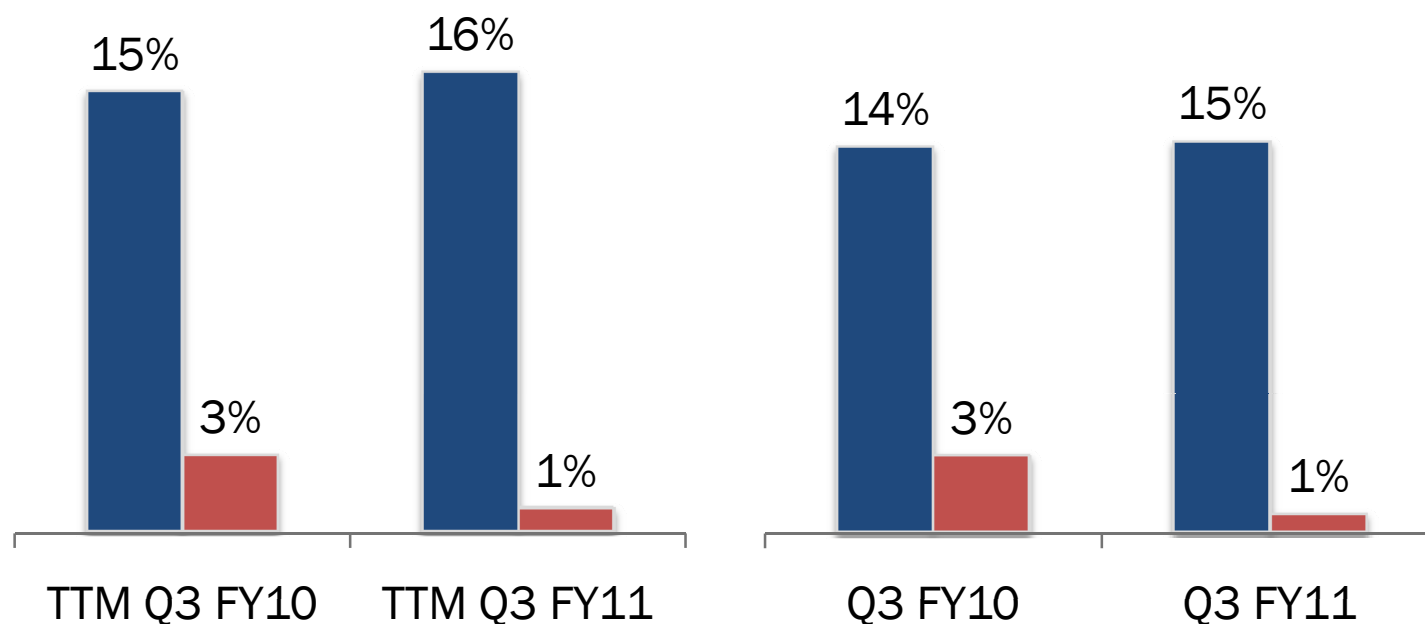
Western World (North America and Europe)



## Trailing Twelve Months

## Quarterly

- EA ex-Distribution
- Distribution



EA titles, ex-Distribution	42	26
EA Distribution titles	3	3

Q3 FY10	14	1
Q3 FY11	13	1

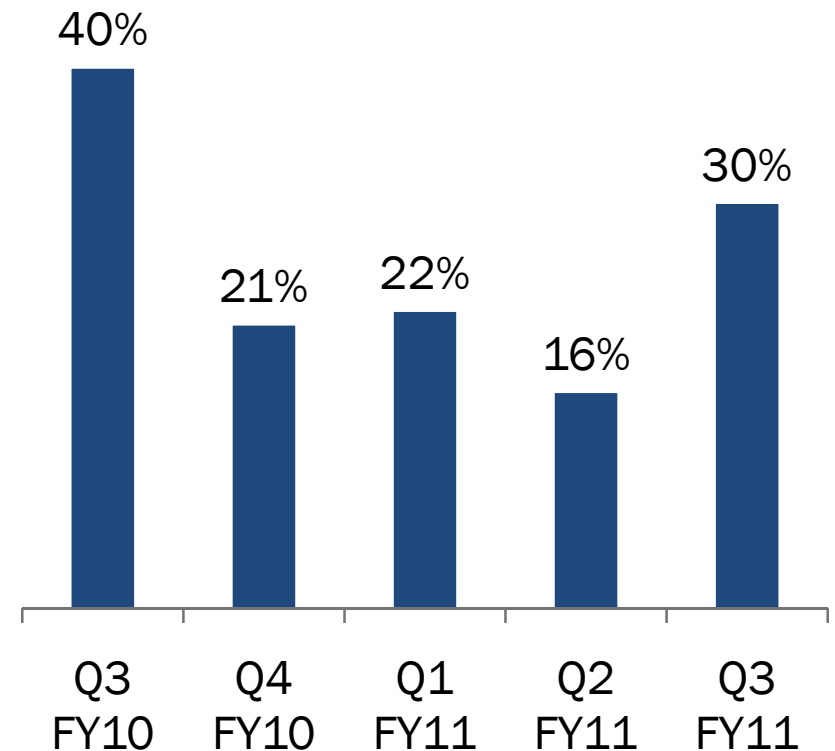
# Packaged Goods: Catalog



## Key Catalog Titles

- **Q3 FY11**
  - *FIFA 11, Madden 11*
- **Q2 FY11**
  - *Tiger PGA TOUR 11, The Sims 3, FIFA 10, Battlefield: Bad Company 2*
- **Q3 FY10**
  - *FIFA 10, Madden 10, Need for Speed Shift*

## Non-GAAP Catalog Revenue % of Total Revenue

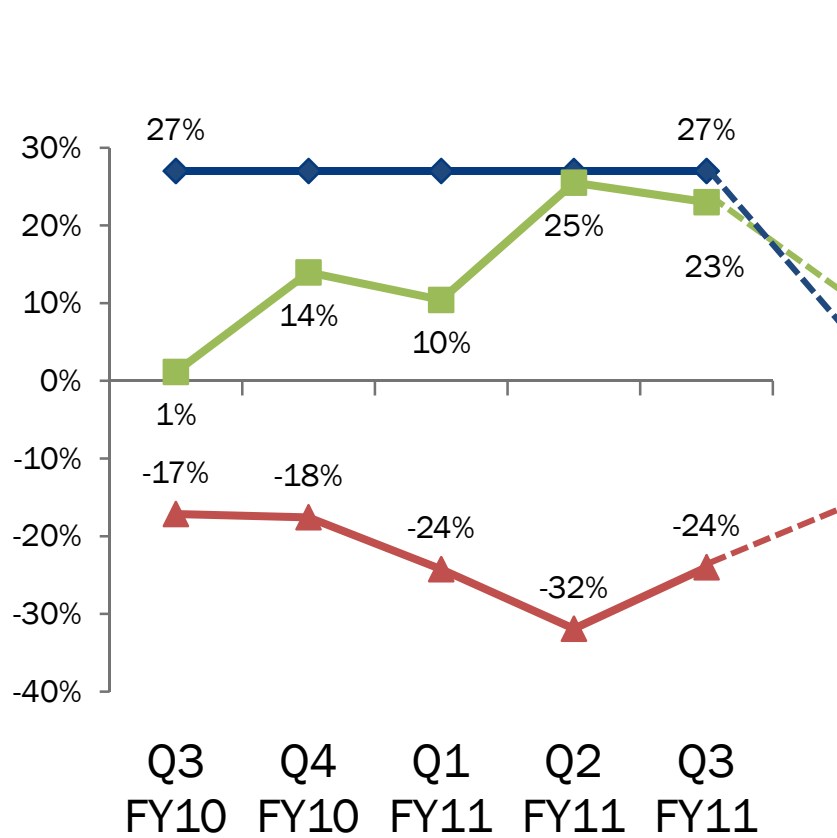


# EA Focus



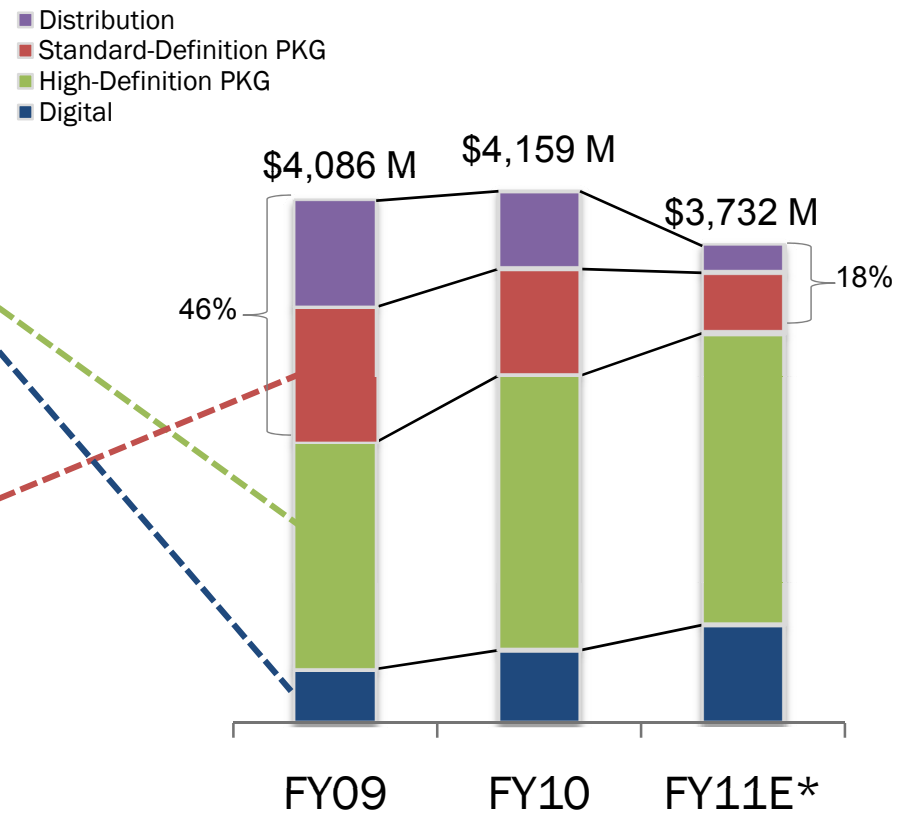
## On Growing Digital and High Definition Platforms

### Year-Over-Year Segment Growth



—◆— Worldwide Digital Sales  
—■— Western World High-Definition Packaged Goods Software Sales (Includes PC)  
—▲— Western World Standard Definition & Handheld Software Sales

### EA Segment Mix



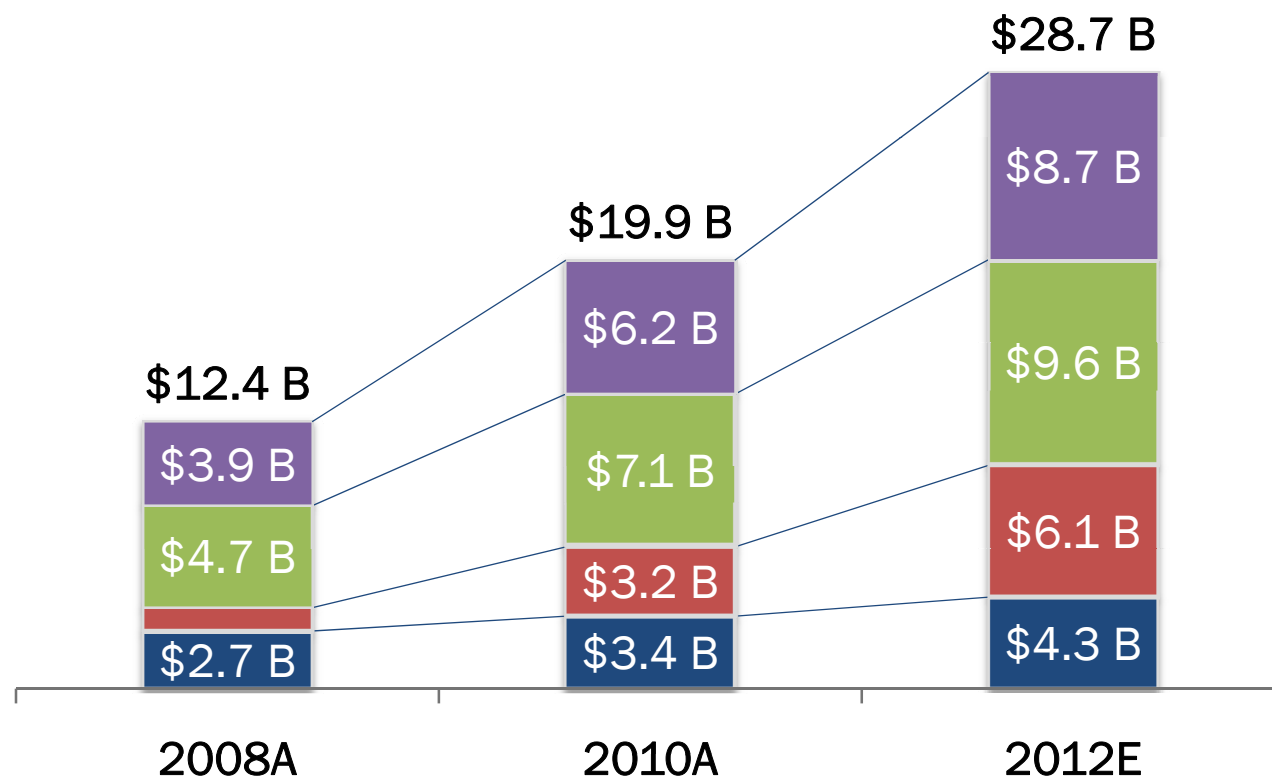
\* At midpoint of non-GAAP FY11 Guidance. These forward-looking statements are valid as of February 1, 2011 only. Electronic Arts assumes no obligation and does not intend to update these forward-looking statements.

# Worldwide Digital Growth

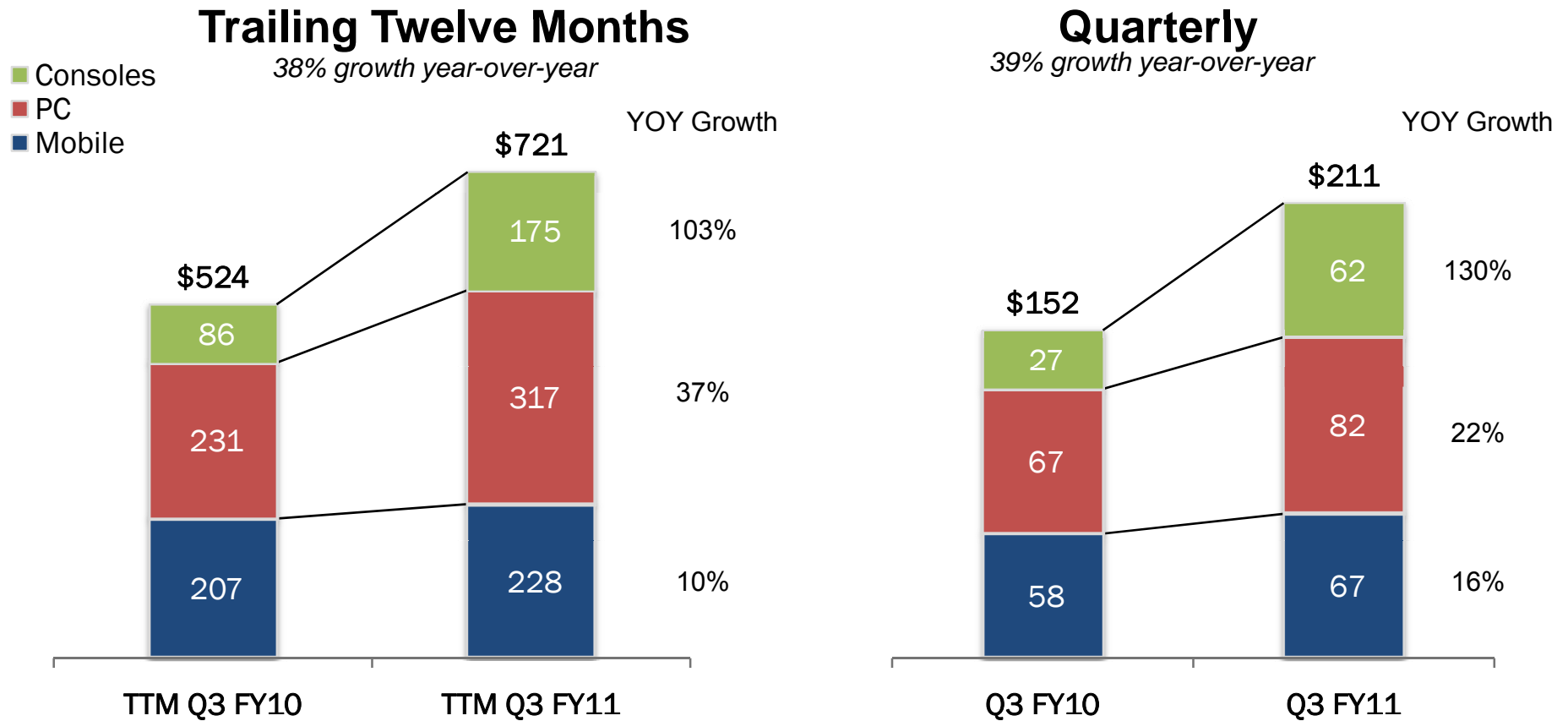
Driven by MMO, Free to Play, and Console DLC/Subscriptions



- PC (Free to Play, Casual and Social Games)
- PC (MMO)
- Console
- Mobile



# Digital Revenues\* by Platform



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

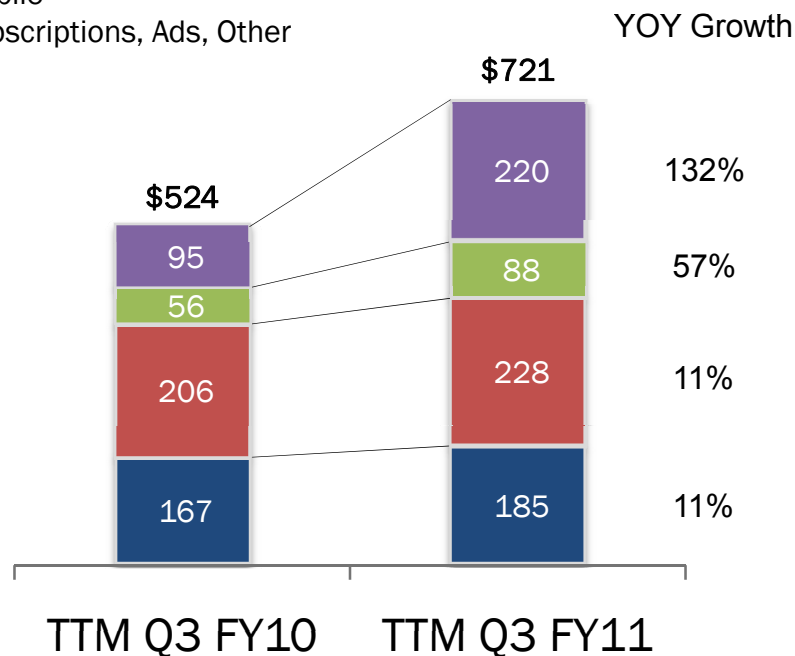
# Digital Revenues\* by Type



## Trailing Twelve Months

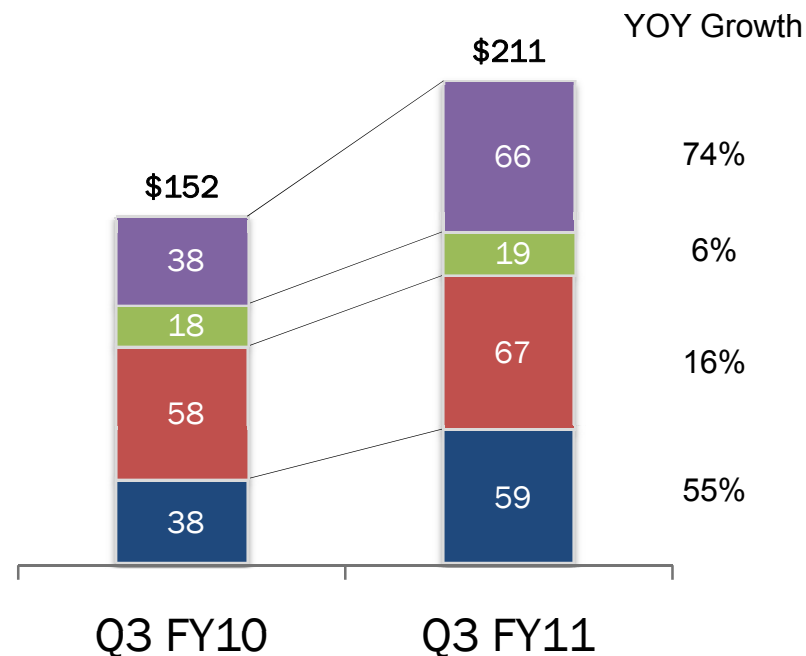
38% growth year-over-year

- Extra content, free-to-play (DLC & MTX)
- Full-game downloads
- Mobile
- Subscriptions, Ads, Other



## Quarterly

39% growth year-over-year

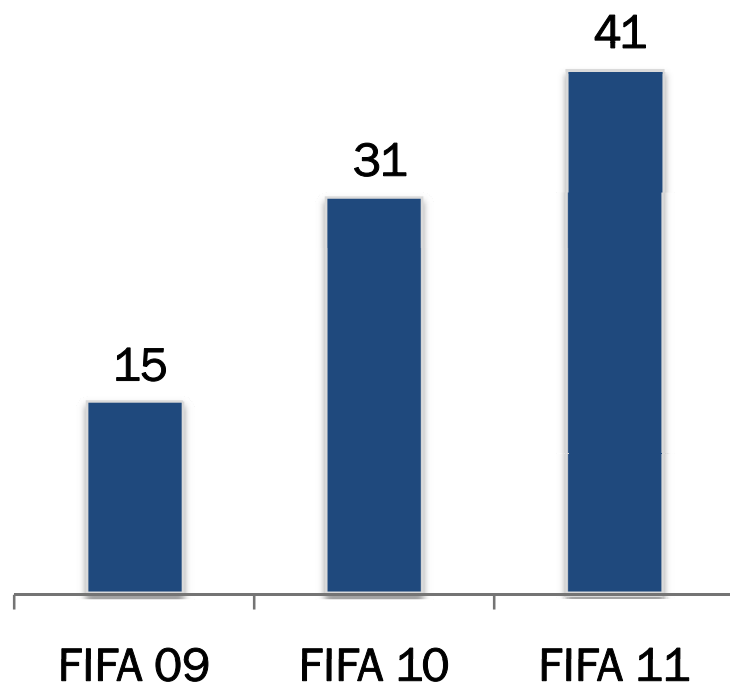


\* In millions, on a non-GAAP basis. PC includes browser and Mobile includes Handhelds.

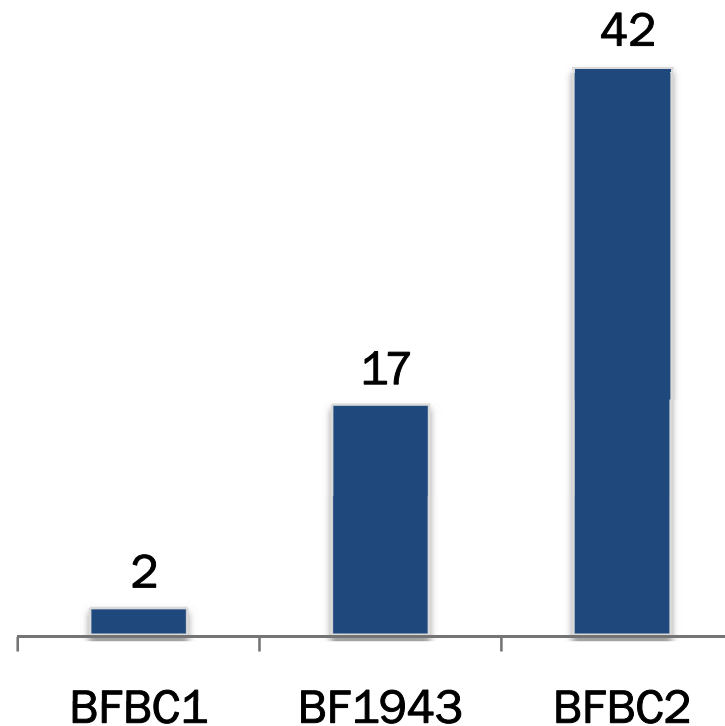
# Digital Revenues\* by Title



**FIFA Digital Revenue**



**Battlefield Digital Revenue**



\*\$, in millions, non-GAAP, as of February 1, 2011, based on actual data through December 2010, and projected data from January 2011 through March 2012.

# Margin Structure

Trailing Twelve Months



	GAAP		Non-GAAP	
	Q3 FY10	Q3 FY11	Q3 FY10	Q3 FY11
Net revenue*	3,535	3,478	3,918	3,683
Gross profit margin	45.8%	57.8%	52.3%	60.4%
Marketing and sales expense	19.1%	20.8%	16.8%	19.1%
General and administrative expense	8.9%	8.8%	6.7%	7.2%
Research and development expense	35.4%	32.7%	28.9%	27.7%
Operating margin	(23.5%)	(10.7%)	(0.1%)	6.4%
Net margin	(21.2%)	(11.4%)	0.1%	4.7%

***Non-GAAP operating margin improves due to gross profit margin increase and cost controls, partially offset by lower revenue.***

# Guidance



## Q4 FY11 Currency Assumptions

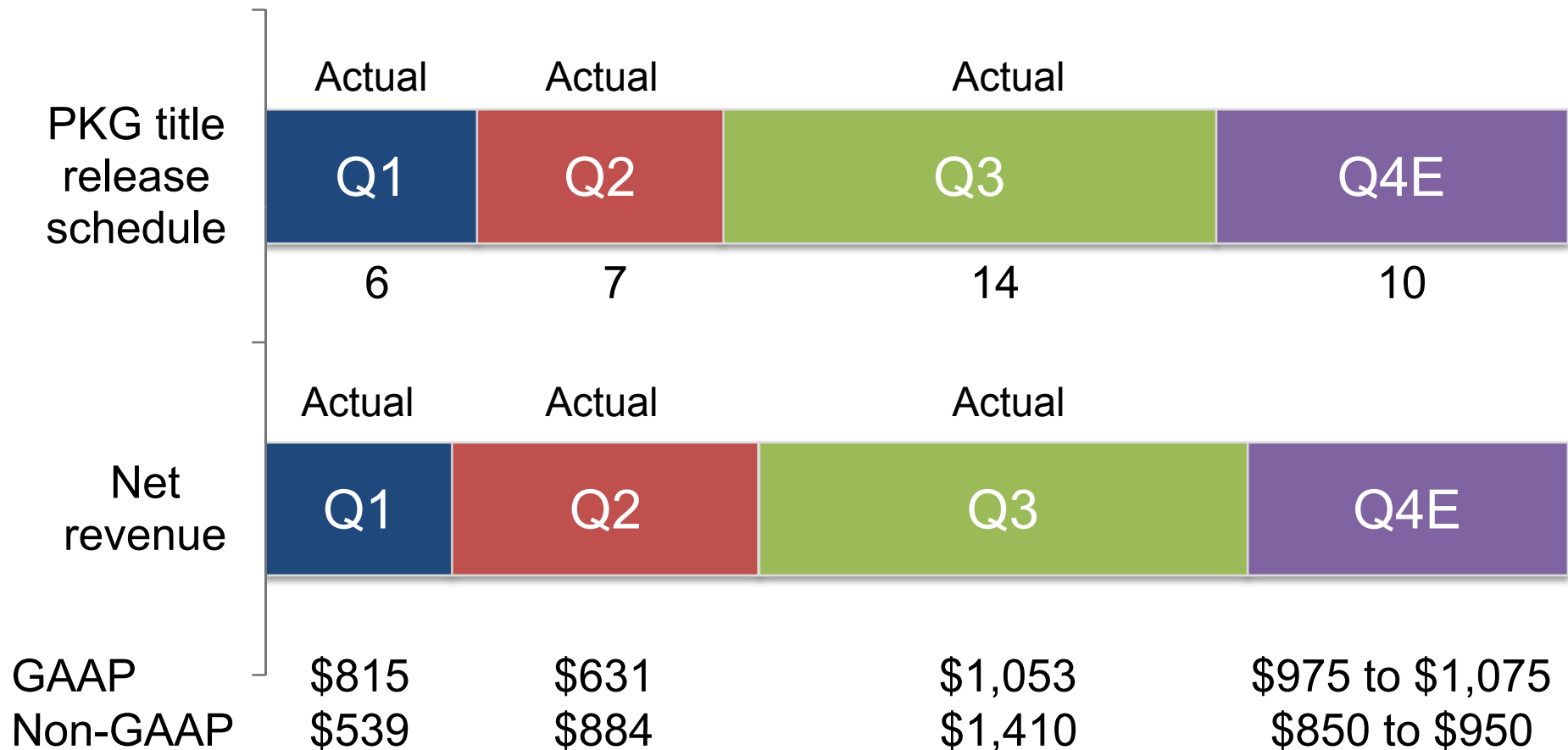
---

- Exchange rates may remain volatile
- Current guidance FX assumptions:
  - \$1.31 USD/Euro
    - EPS is largely hedged to the Euro on a full year basis
  - \$1.00 USD/Canadian Dollar
    - R&D costs increase if the Canadian Dollar strengthens v. US Dollar
  - \$1.54 USD/British Pound Sterling
    - EPS decreases if the GBP weakens v. USD
- Using spot exchange rates as of Jan. 26, 2011:
  - Minimal impact to full year non-GAAP EPS
  - Approximately \$10M benefit to non-GAAP net revenue

# Guidance – Revenue\* Phasing



FY11 title release plan and quarterly revenue phasing



These forward-looking statements are valid as of February 1, 2011 only.

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

\* In millions, except PKG titles. The difference in GAAP and non-GAAP quarterly phasing is due to the change in deferred revenue (packaged goods and digital content).

# Guidance\* – Full Year FY11

Fiscal year ending March 31, 2011



	GAAP	Non-GAAP
Revenue		
Publishing and Other revenue	\$2,573 - \$2,673	\$2,732 - \$2,832
Distribution revenue	Approximately \$200	Approximately \$200
Digital revenue	Approximately \$700	Approximately \$750
Total	\$3,473- \$3,573	\$3,682 - \$3,782
Gross Profit Margin	Approximately 58%	Approximately 61%
Operating Expense	Approximately \$2,350	Approximately \$2,000
Tax Expense	Approximately \$5	\$79 - \$91
Net Income / (Loss)	(\$299) – (\$256)	\$202 - \$233
Earnings Per Share / (Loss)	(\$0.90) – (\$0.77)	\$0.60 - \$0.70
Diluted Shares	Approximately 331	Approximately 334
Operating Cash Flow	\$250 - \$300	

These forward-looking statements are valid as of February 1, 2011 only.

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

# Guidance\*

Fiscal Q4 ending March 31, 2011



	GAAP	Non-GAAP
Net Revenue	\$975 to \$1,075	\$850 to \$950
Gross Profit Margin	70% to 72%	67% to 68%
Operating Expense	\$564 to \$579	\$505 to 520
Tax Expense / (Benefit)	\$6	\$20 to \$32
Net Income / (Loss)	\$129 to \$173	\$52 to \$83
Earnings Per Share / (Loss)	\$0.38 to \$0.51	\$0.15 to \$0.25
Diluted Shares	Approximately 337	Approximately 337

These forward-looking statements are valid as of February 1, 2011 only.

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

\* In millions, except per share amounts.



# Supplemental Financial Information

# Non-GAAP Financial Measures



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

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

- Electronic Arts may consider whether other significant non-recurring items that arise in the future should also be excluded in calculating the non-GAAP financial measures it uses. Electronic Arts believes that these non-GAAP financial measures, when taken together with the corresponding GAAP financial measures, provide meaningful supplemental information regarding the Company's performance by excluding certain items that may not be indicative of the Company's core business, operating results or future outlook. Electronic Arts' management uses, and believes that investors benefit from referring to, these non-GAAP financial measures in assessing the Company's operating results both as a consolidated entity and at the business unit level, as well as when planning, forecasting and analyzing future periods. These non-GAAP financial measures also facilitate comparisons of the Company's performance to prior periods. In its earnings press release dated February 1, 2011, Electronic Arts has provided a reconciliation of the most comparable GAAP financial measure to the historical non-GAAP measures.

# Q3 FY11 Reconciliation



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

Three Months Ended December 31, 2010

	GAAP Results	% of Revenue	Acquisition- related expenses	Change in Deferred Net Revenue (Packaged Goods and Digital Content)	Restructuring Charges	Stock-Based Compensation	Income Tax Adjustments	Non-GAAP Results	% of Revenue
<b>Net revenue</b>	<b>\$ 1,053</b>		\$ -	\$ 357	\$ -	\$ -	\$ -	<b>\$ 1,410</b>	
Cost of goods sold	586	55.7%	(3)	-	-	(1)	-	582	41.3%
<b>Gross profit</b>	<b>467</b>	<b>44.3%</b>	<b>3</b>	<b>357</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>828</b>	<b>58.7%</b>
Operating expenses:									
Marketing and sales	253	24.0%	-	-	-	(6)	-	247	17.5%
General and administrative	75	7.1%	-	-	-	(10)	-	65	4.6%
Research and development	273	26.0%	-	-	-	(29)	-	244	17.3%
Acquisition-related contingent consideration	1	0.1%	(1)	-	-	-	-	-	-
Amortization of intangibles	14	1.3%	(14)	-	-	-	-	-	-
Restructuring charges	154	14.6%	-	-	(154)	-	-	-	-
Total operating expenses	770	73.1%	(15)	-	(154)	(45)	-	556	39.4%
<b>Operating income (loss)</b>	<b>(303)</b>	<b>-28.8%</b>	<b>18</b>	<b>357</b>	<b>154</b>	<b>46</b>	<b>-</b>	<b>272</b>	<b>19.3%</b>
Interest and other income, net	-	-	-	-	-	-	-	-	-
Income (loss) before provision for income taxes	(303)	-28.8%	18	357	154	46	-	272	19.3%
Provision for income taxes	19	1.8%	-	-	-	-	57	76	5.4%
<b>Net income (loss)</b>	<b>\$ (322)</b>	<b>-30.6%</b>	<b>\$ 18</b>	<b>\$ 357</b>	<b>\$ 154</b>	<b>\$ 46</b>	<b>\$ (57)</b>	<b>\$ 196</b>	<b>13.9%</b>
<b>Loss per share</b>						<b>Earnings per share</b>			
Basic and diluted	\$ (0.97)					Basic		\$ 0.59	
						Diluted		\$ 0.59	
Number of shares used in computation						Number of shares used in computation			
Basic and diluted	332					Basic		332	
						Diluted		335	

# Q3 FY10 Reconciliation



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

Three Months Ended December 31, 2009

	GAAP Results	% of Revenue	Acquisition- related expenses	Change in Deferred Net Revenue (Packaged Goods and Digital Content)	Loss on Strategic Investments	Restructuring Charges	Stock-Based Compensation	Income Tax Adjustments	Non-GAAP Results	% of Revenue
<b>Net revenue</b>	<b>\$ 1,243</b>		\$ -	\$ 103	\$ -	\$ -	\$ -	\$ -	<b>\$ 1,346</b>	
Cost of goods sold	654	52.6%	(2)	-	-	-	-	-	652	48.4%
<b>Gross profit</b>	<b>589</b>	<b>47.4%</b>	<b>2</b>	<b>103</b>	-	-	-	-	<b>694</b>	<b>51.6%</b>
Operating expenses:										
Marketing and sales	208	16.7%	-	-	-	-	(4)	-	204	15.2%
General and administrative	84	6.8%	-	-	-	-	(9)	-	75	5.6%
Research and development	290	23.4%	-	-	-	-	(29)	-	261	19.4%
Amortization of intangibles	14	1.1%	(14)	-	-	-	-	-	-	-
Restructuring charges	100	8.0%	-	-	-	(100)	-	-	-	-
Total operating expenses	696	56.0%	(14)	-	-	(100)	(42)	-	540	40.2%
<b>Operating income (loss)</b>	<b>(107)</b>	<b>-8.6%</b>	<b>16</b>	<b>103</b>	-	<b>100</b>	<b>42</b>	-	<b>154</b>	<b>11.4%</b>
Loss on strategic investments	(1)	-0.1%	-	-	1	-	-	-	-	-
Interest and other income (expense), net	(2)	-0.1%	-	-	-	-	-	-	(2)	-0.1%
Income (loss) before provision for (benefit from) income taxes	(110)	-8.8%	16	103	1	100	42	-	152	11.3%
Provision for (benefit from) income taxes	(28)	-2.2%	-	-	-	-	-	71	43	3.2%
<b>Net income (loss)</b>	<b>\$ (82)</b>	<b>-6.6%</b>	<b>\$ 16</b>	<b>\$ 103</b>	<b>\$ 1</b>	<b>\$ 100</b>	<b>\$ 42</b>	<b>\$ (71)</b>	<b>\$ 109</b>	<b>8.1%</b>
<b>Loss per share</b>										
Basic and diluted	\$ (0.25)									
Number of shares used in computation										
Basic and diluted	325									
							<b>Earnings per share</b>			
							Basic	\$ 0.34		
							Diluted	\$ 0.33		
							Number of shares used in computation			
							Basic	325		
							Diluted	327		

# Q3 FY11 YTD Reconciliation



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

Nine Months Ended December 31, 2010

	GAAP Results	% of Revenue	Acquisition-related expenses	Change in Deferred Net Revenue (Packaged Goods and Digital Content)	Loss on Licensed Intellectual Property Commitment (COGS)	Gain on Strategic Investments	Restructuring Charges	Stock-Based Compensation	Income Tax Adjustments	Non-GAAP Results	% of Revenue
<b>Net revenue</b>	<b>\$ 2,499</b>		\$ -	\$ 334	\$ -	\$ -	\$ -	\$ -	\$ -	<b>\$ 2,833</b>	
Cost of goods sold	1,171	46.9%	(9)	-	1	-	-	(2)	-	1,161	41.0%
<b>Gross profit</b>	<b>1,328</b>	<b>53.1%</b>	<b>9</b>	<b>334</b>	<b>(1)</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>1,672</b>	<b>59.0%</b>
Operating expenses:											
Marketing and sales	553	22.1%	-	-	-	-	-	(16)	-	537	19.0%
General and administrative	226	9.0%	-	-	-	-	-	(32)	-	194	6.8%
Research and development	825	33.0%	-	-	-	-	-	(86)	-	739	26.1%
Acquisition-related contingent consideration	(25)	-1.0%	25	-	-	-	-	-	-	-	-
Amortization of intangibles	44	1.8%	(44)	-	-	-	-	-	-	-	-
Restructuring charges	162	6.5%	-	-	-	-	(162)	-	-	-	-
Total operating expenses	1,785	71.4%	(19)	-	-	-	(162)	(134)	-	1,470	51.9%
<b>Operating income (loss)</b>	<b>(457)</b>	<b>-18.3%</b>	<b>28</b>	<b>334</b>	<b>(1)</b>	<b>-</b>	<b>162</b>	<b>136</b>	<b>-</b>	<b>202</b>	<b>7.1%</b>
Gain on strategic investments	23	1.0%	-	-	-	(23)	-	-	-	-	-
Interest and other income, net	6	0.2%	-	-	-	-	-	-	-	6	0.2%
Income (loss) before provision for (benefit from) income taxes	(428)	-17.1%	28	334	(1)	(23)	162	136	-	208	7.3%
Provision for (benefit from) income taxes	(1)	-	-	-	-	-	-	-	59	58	2.0%
<b>Net income (loss)</b>	<b>\$ (427)</b>	<b>-17.1%</b>	<b>\$ 28</b>	<b>\$ 334</b>	<b>\$ (1)</b>	<b>\$ (23)</b>	<b>\$ 162</b>	<b>\$ 136</b>	<b>\$ (59)</b>	<b>\$ 150</b>	<b>5.3%</b>
<b>Loss per share</b>											
Basic and diluted	\$ (1.29)									\$ 0.45	
										\$ 0.45	
Number of shares used in computation											
Basic and diluted	330									330	
										333	

# Q3 FY10 YTD Reconciliation



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

Nine Months Ended December 31, 2009

	GAAP Results	% of Revenue	Acquisition-related expenses	Change in Deferred Net Revenue (Packaged Goods and Digital Content)	Loss on Lease Obligation (G&A)	Loss on Licensed Intellectual Property Commitment (COGS)	Loss on Strategic Investments	Restructuring Charges	Stock-Based Compensation	Income Tax Adjustments	Non-GAAP Results	% of Revenue
<b>Net revenue</b>	<b>\$ 2,675</b>		\$ -	\$ 634	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	<b>\$ 3,309</b>	
Cost of goods sold	1,568	58.6%	(8)	-	-	2	-	-	(1)	-	1,561	47.2%
<b>Gross profit</b>	<b>1,107</b>	<b>41.4%</b>	<b>8</b>	<b>634</b>	<b>-</b>	<b>(2)</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>1,748</b>	<b>52.8%</b>
Operating expenses:												
Marketing and sales	559	20.9%	-	-	-	-	-	-	(12)	-	547	16.5%
General and administrative	241	9.0%	-	-	(14)	-	-	-	(24)	-	203	6.1%
Research and development	918	34.3%	-	-	-	-	-	-	(82)	-	836	25.3%
Amortization of intangibles	38	1.4%	(38)	-	-	-	-	-	-	-	-	-
Restructuring charges	120	4.5%	-	-	-	-	-	(120)	-	-	-	-
<b>Total operating expenses</b>	<b>1,876</b>	<b>70.1%</b>	<b>(38)</b>	<b>-</b>	<b>(14)</b>	<b>-</b>	<b>-</b>	<b>(120)</b>	<b>(118)</b>	<b>-</b>	<b>1,586</b>	<b>47.9%</b>
<b>Operating income (loss)</b>	<b>(769)</b>	<b>-28.7%</b>	<b>46</b>	<b>634</b>	<b>14</b>	<b>(2)</b>	<b>-</b>	<b>120</b>	<b>119</b>	<b>-</b>	<b>162</b>	<b>4.9%</b>
Loss on strategic investments	(25)	-1.0%	-	-	-	-	25	-	-	-	-	-
Interest and other income, net	8	0.3%	-	-	-	-	-	-	-	-	8	0.2%
Income (loss) before provision for (benefit from) income taxes	(786)	-29.4%	46	634	14	(2)	25	120	119	-	170	5.1%
Provision for (benefit from) income taxes	(79)	-3.0%	-	-	-	-	-	-	-	127	48	1.4%
<b>Net income (loss)</b>	<b>\$ (707)</b>	<b>-26.4%</b>	<b>\$ 46</b>	<b>\$ 634</b>	<b>\$ 14</b>	<b>\$ (2)</b>	<b>\$ 25</b>	<b>\$ 120</b>	<b>\$ 119</b>	<b>\$ (127)</b>	<b>\$ 122</b>	<b>3.7%</b>
<b>Loss per share</b>									<b>Earnings per share</b>			
<b>Basic and diluted</b>	<b>\$ (2.18)</b>										<b>\$ 0.38</b>	
											<b>\$ 0.37</b>	
Number of shares used in computation									Number of shares used in computation			
Basic and diluted	324										324	
											326	

# TTM 12/31/10 Reconciliation



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

Trailing Twelve Months Ended December 31, 2010

	GAAP Results	% of Revenue	Acquisition- related expenses	Change in Deferred Net Revenue (Packaged Goods and Digital Content)	Loss on licensed intellectual property commitment (COGS)	Gain on Strategic Investments	Restructuring Charges	Stock-Based Compensation	Income Tax Adjustments	Non-GAAP Results	% of Revenue
<b>Net revenue</b>	<b>\$ 3,478</b>		<b>\$ -</b>	<b>\$ 205</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,683</b>	
Cost of goods sold	1,469	42.2%	(11)	-	2	-	-	(3)	-	1,457	39.6%
<b>Gross profit</b>	<b>2,009</b>	<b>57.8%</b>	<b>11</b>	<b>205</b>	<b>(2)</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>2,226</b>	<b>60.4%</b>
Operating expenses:											
Marketing and sales	724	20.8%	-	-	-	-	-	(20)	-	704	19.1%
General and administrative	305	8.8%	-	-	-	-	-	(41)	-	264	7.2%
Research and development	1,136	32.7%	-	-	-	-	-	(114)	-	1,022	27.7%
Acquisition-related contingent consideration	(23)	-0.7%	23	-	-	-	-	-	-	-	-
Amortization of intangibles	59	1.7%	(59)	-	-	-	-	-	-	-	-
Restructuring charges	182	5.2%	-	-	-	-	(182)	-	-	-	-
Total operating expenses	2,383	68.5%	(36)	-	-	-	(182)	(175)	-	1,990	54.0%
<b>Operating income (loss)</b>	<b>(374)</b>	<b>-10.7%</b>	<b>47</b>	<b>205</b>	<b>(2)</b>	<b>-</b>	<b>182</b>	<b>178</b>	<b>-</b>	<b>236</b>	<b>6.4%</b>
Gain on strategic investments	22	0.6%	-	-	-	(22)	-	-	-	-	-
Interest and other income, net	4	0.1%	-	-	-	-	-	-	-	4	0.1%
Income (loss) before provision for income taxes	(348)	-10.0%	47	205	(2)	(22)	182	178	-	240	6.5%
Provision for income taxes	49	1.4%	-	-	-	-	-	-	18	67	1.8%
<b>Net income (loss)</b>	<b>\$ (397)</b>	<b>-11.4%</b>	<b>\$ 47</b>	<b>\$ 205</b>	<b>\$ (2)</b>	<b>\$ (22)</b>	<b>\$ 182</b>	<b>\$ 178</b>	<b>\$ (18)</b>	<b>\$ 173</b>	<b>4.7%</b>
Loss per share											
Basic and diluted	\$ (1.20)										
									Earnings per share		
									Basic	\$ 0.52	
									Diluted	\$ 0.52	

# TTM 12/31/09 Reconciliation



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

Trailing Twelve Months Ended December 30, 2009

	GAAP Results	% of Revenue	Acquisition-related expenses	Change in Deferred Net Revenue (Packaged Goods and Digital Content)	Loss on Lease Obligation (G&A)	Loss on licensed intellectual property commitment (COGS)	Loss on Strategic Investments	Restructuring Charges	Stock-Based Compensation	Income Tax Adjustments	Non-GAAP Results	% of Revenue
<b>Net revenue</b>	<b>\$ 3,535</b>		\$ -	\$ 383	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	<b>\$ 3,918</b>	
Cost of goods sold	1,917	54.2%	(11)	-	-	(36)	-	-	(2)	-	1,868	47.7%
<b>Gross profit</b>	<b>1,618</b>	<b>45.8%</b>	<b>11</b>	<b>383</b>	<b>-</b>	<b>36</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>2,050</b>	<b>52.3%</b>
Operating expenses:												
Marketing and sales	675	19.1%	-	-	-	-	-	-	(17)	-	658	16.8%
General and administrative	315	8.9%	-	-	(14)	-	-	-	(37)	-	264	6.7%
Research and development	1,250	35.4%	-	-	-	-	-	-	(119)	-	1,131	28.9%
Amortization of intangibles	50	1.4%	(50)	-	-	-	-	-	-	-	-	-
Restructuring charges	159	4.5%	-	-	-	-	-	(159)	-	-	-	-
Total operating expenses	2,449	69.3%	(50)	-	(14)	-	-	(159)	(173)	-	2,053	52.4%
<b>Operating loss</b>	<b>(831)</b>	<b>-23.5%</b>	<b>61</b>	<b>383</b>	<b>14</b>	<b>36</b>	<b>-</b>	<b>159</b>	<b>175</b>	<b>-</b>	<b>(3)</b>	<b>-0.1%</b>
Loss on strategic investments	(20)	-0.6%	-	-	-	-	20	-	-	-	-	-
Interest and other income, net	6	0.2%	-	-	-	-	-	-	-	-	6	0.2%
Income (loss) before provision for (benefit from) income taxes	(845)	-23.9%	61	383	14	36	20	159	175	-	3	0.1%
Provision for (benefit from) income taxes	(96)	-2.7%	-	-	-	-	-	-	-	97	1	0.0%
<b>Net income (loss)</b>	<b>\$ (749)</b>	<b>-21.2%</b>	<b>\$ 61</b>	<b>\$ 383</b>	<b>\$ 14</b>	<b>\$ 36</b>	<b>\$ 20</b>	<b>\$ 159</b>	<b>\$ 175</b>	<b>\$ (97)</b>	<b>\$ 2</b>	<b>0.1%</b>
Loss per share												
Basic and diluted	\$ (2.31)											
									Earnings per share			
									Basic		\$ 0.01	
									Diluted		\$ -	

# Q4 FY11 Guidance Reconciliation



The following table provides a reconciliation of the non-GAAP financial measures regarding Electronic Arts' Q4 FY11 Guidance to the nearest comparable GAAP financial measures. These are preliminary estimates and expectations based on current information as of February 1, 2011 and are subject to business and economic risks and uncertainties that could cause actual events or actual future results to differ materially from the expectations set forth herein. The reconciliation provided below reflects rounding and other approximations.

	GAAP Guidance	Acquisition- related expenses	Change in Deferred Net Revenue (Packaged Goods and Digital Content)	Gain on Strategic Investments	Restructuring	Stock-Based Compensation	Tax Adjustments	Non-GAAP Guidance
<b>Low end of Q4 FY11 guidance range</b>								
Net Revenue	975		(125)					850
Approximate Gross Margin %	72%	0.5%	-4.5%					68%
Approximate Operating Expense	564	(13)			(5)	(40)		505
Tax Expense (Benefit)	6						14	20
Net Income	129	17	(125)	-	5	40	(14)	52
Earnings Per Share	\$ 0.38							\$ 0.15
Diluted shares	337							337
<b>High end of Q4 FY11 guidance range</b>								
Net Revenue	1,075		(125)					950
Approximate Gross Margin %	70%	0.5%	-4.0%					67%
Approximate Operating Expense	579	(13)			(5)	(40)		520
Tax Expense (Benefit)	6						26	32
Net Income	173	17	(125)	-	5	40	(26)	83
Earnings Per Share	\$ 0.51							\$ 0.25
Diluted shares	337							337

# FY11 Guidance Reconciliation



The following table provides a reconciliation of the non-GAAP financial measures regarding Electronic Arts' FY11 Guidance to the nearest comparable GAAP financial measures. These are preliminary estimates and expectations based on current information as of February 1, 2011 and are subject to business and economic risks and uncertainties that could cause actual events or actual future results to differ materially from the expectations set forth herein. The reconciliation provided below reflects rounding and other approximations.

	GAAP Guidance	Acquisition- related expenses	Change in Deferred Net Revenue (Packaged Goods and Digital Content)	Gain on Strategic Investments	Restructuring	Stock-Based Compensation	Tax Adjustments	Non-GAAP Guidance
<b>Low end of guidance range</b>								
<b>Net Revenue</b>								
Publishing and Other	2,573		159					2,732
Distribution	200		-					200
Digital	700		50					750
Total	3,473		209					3,682
<b>Approximate Gross Margin %</b>	58%	0.5%	2.5%					61%
<b>Approximate Operating Expense</b>	2,350	(31)			(167)	(174)		2,000
Tax Expense	5						73	79
<b>Net Income (Loss)</b>	(299)	45	209	(23)	167	176	(73)	202
<b>Earnings (Loss) Per Share</b>	\$ (0.90)							\$ 0.60
Diluted shares	331							334
<b>High end of guidance range</b>								
<b>Net Revenue</b>								
Publishing and Other	2,673		159					2,832
Distribution	200		-					200
Digital	700		50					750
Total	3,573		209					3,782
<b>Approximate Gross Margin %</b>	58%	0.5%	2.5%					61%
<b>Approximate Operating Expense</b>	2,350	(31)			(167)	(174)		2,000
Tax Expense	5						85	91
<b>Net Income (Loss)</b>	(256)	45	209	(23)	167	176	(85)	233
<b>Earnings (Loss) Per Share</b>	\$ (0.77)							\$ 0.70
Diluted shares	331							334