



Electronic Arts Inc. Q4 FY 2015 Results

May 5, 2015

Safe Harbor Statement

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



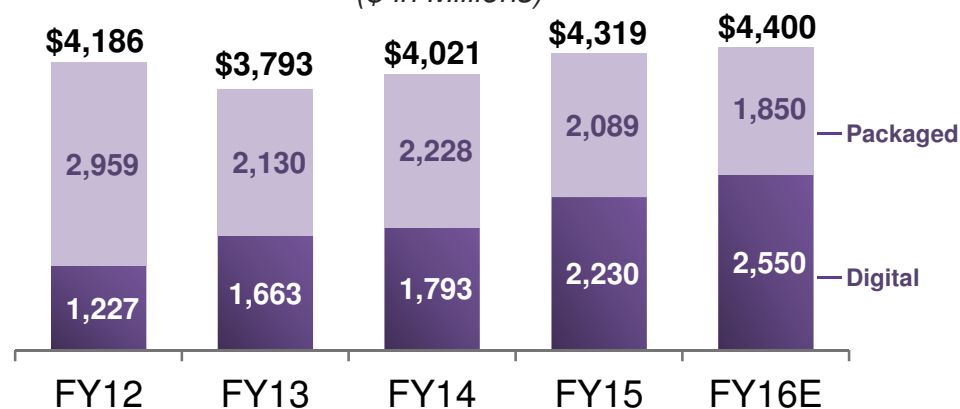
- Some statements set forth in this document, including the information relating to EA's fiscal year 2016 guidance and title slate, contain forward-looking statements that are subject to change. Statements including words such as "anticipate," "believe," "estimate" or "expect" and statements in the future 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 December 31, 2014.
- These forward-looking statements are valid as of May 5, 2015 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 Annual Report on Form 10-K for the fiscal year ended March 31, 2015. Electronic Arts assumes no obligation and does not intend to update these estimates prior to such filing.

EA Growth Trends

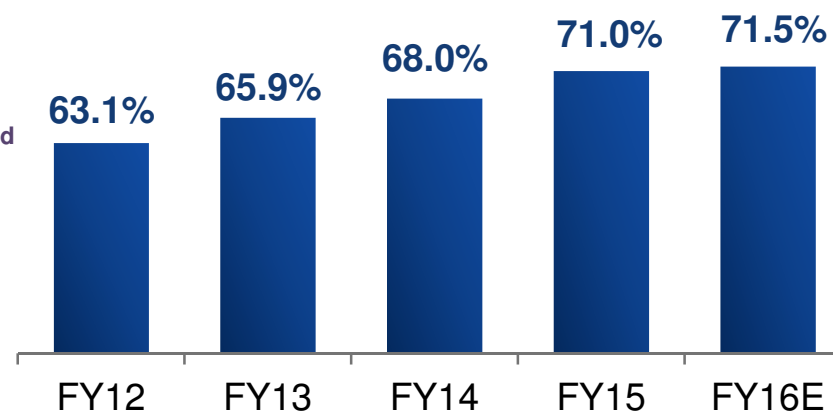


Net Revenue ¹

(\$ in Millions)

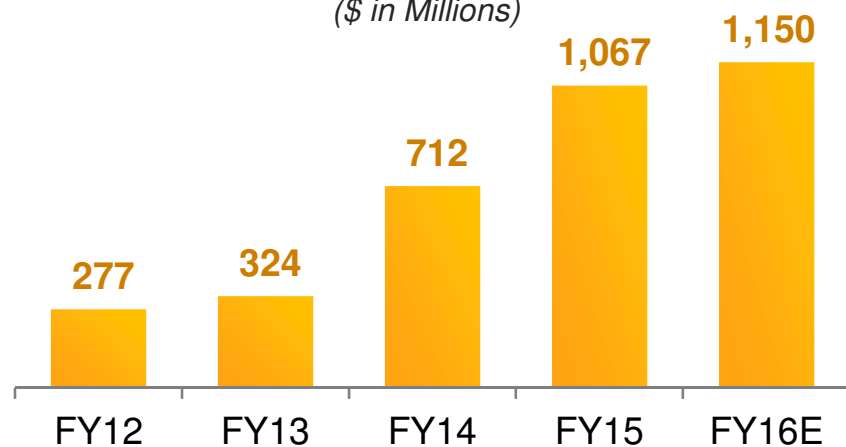


Gross Profit ¹

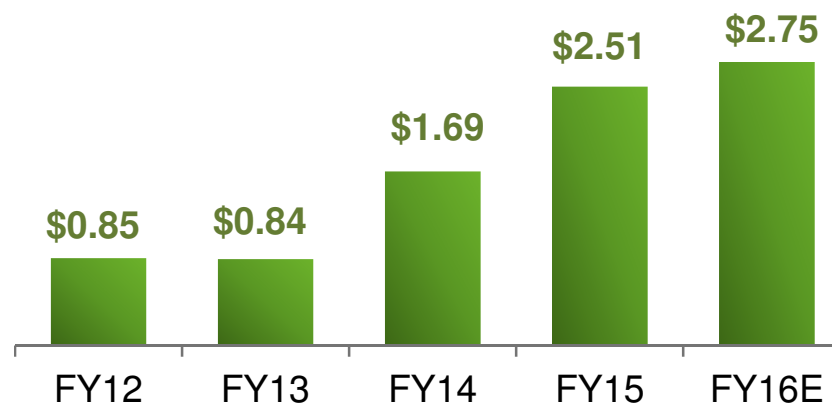


Operating Cash Flow

(\$ in Millions)



Diluted EPS ¹



¹ On a non-GAAP basis. FY16E non-GAAP tax rate is 22%. FY14 & FY15 non-GAAP tax rate was 25%. Through FY13, the non-GAAP tax rate was 28%.₃

Q4 FY15 Guidance vs. Actuals

Ending March 31, 2015



	GAAP		Non-GAAP	
	Guidance	Actuals	Guidance	Actuals
Net Revenue	\$1,155	\$1,185	\$830	\$896
Gross Profit Margin	80.2%	80.3%	74.0%	75.4%
Operating Expense	\$558	\$551	\$515	\$513
Tax Expense ¹	\$5	\$2	\$24	\$41
Net Income	\$353	\$395	\$71	\$125
Diluted Earnings Per Share	\$1.07	\$1.19	\$0.22	\$0.39
Diluted Shares	329	332	322	324

In millions, except per share data.

¹Non-GAAP tax rate: 25%

Q4 FY15 Financial Summary



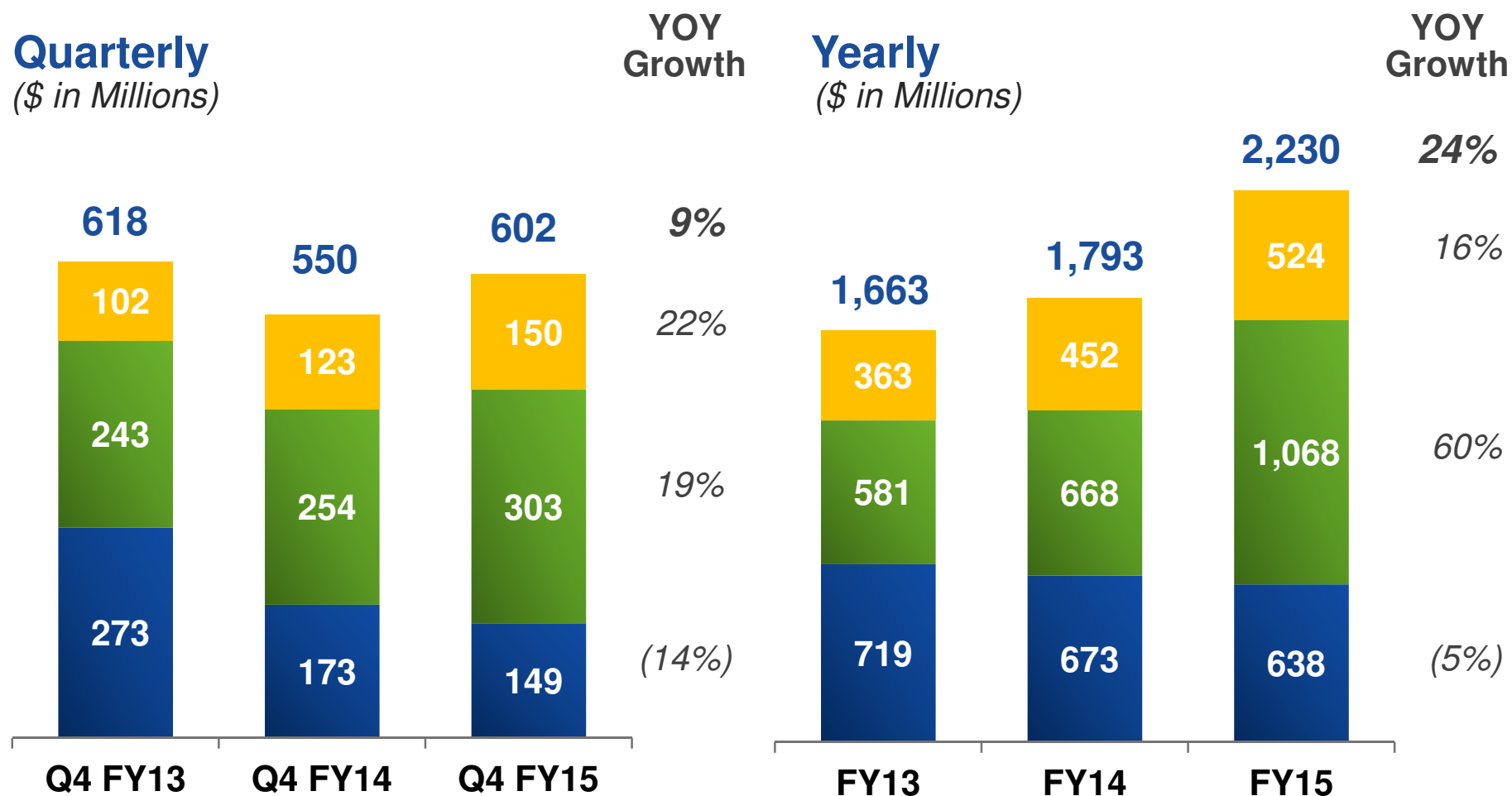
	GAAP		Non-GAAP	
	Q4 FY14	Q4 FY15	Q4 FY14	Q4 FY15
Net Revenue	\$1,123	\$1,185	\$914	\$896
Gross Profit Margin	80.1%	80.3%	77.4%	75.4%
Operating Expense	\$556	\$551	\$503	\$513
Operating Income	\$344	\$400	\$204	\$163
Operating Margin	30.6%	33.8%	22.3%	18.2%
Diluted Earnings Per Share	\$1.15	\$1.19	\$0.48	\$0.39
Operating Cash Flow	\$281	\$198		
EBITDA	\$433	\$483	\$235	\$193

In millions, except per share data.

EA Digital Net Revenue¹ by Platform



■ PC & Other ■ Console ■ Mobile²



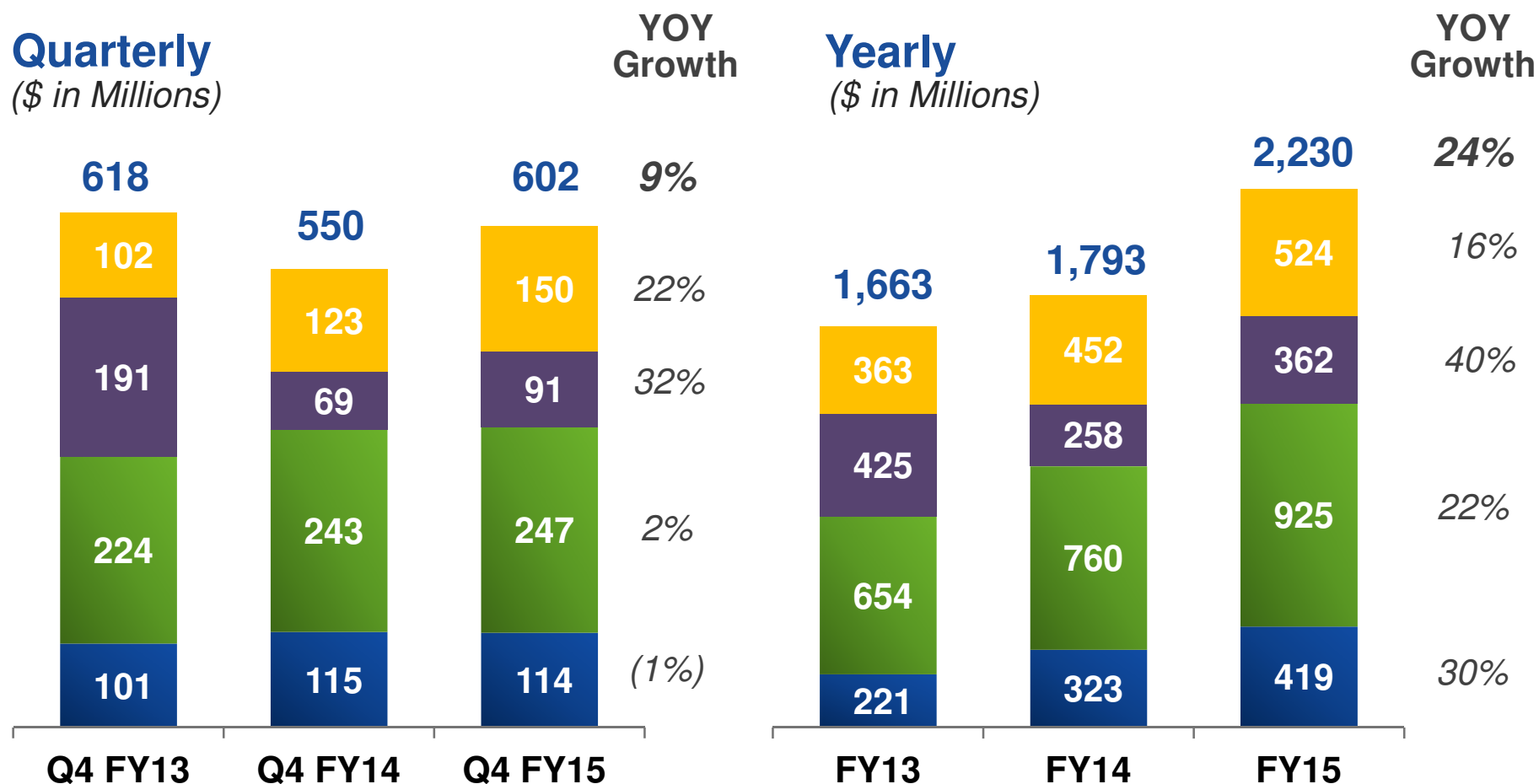
¹ In millions, on a non-GAAP basis.

² 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 Net Revenue¹ by Type



■ Full Game Downloads
 ■ Extra Content
 ■ Subs / Ads / Other
 ■ Mobile²












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.

FY16 Announced Console/PC Titles



Launch	Title	Platform(s)	
Q1			
Q2	 FIFA 16	Console	PC
	 MADDEN NFL 16	Console	
	 NHL 16	Console	
	 RORY MCILROY PGA TOUR	Console	
Q3	 NBA LIVE 16	Console	
	NEED FOR SPEED  TBA	Console	PC
	 STAR WARS BATTLEFRONT	Console	PC
Q4	 MIRROR'S EDGE	Console	PC
	 PLANTS VS. ZOMBIES TBA	Console	PC

Note: Represents publicly announced titles only. Titles above are shown in alpha order. All launch dates are subject to change.



Select Live Services¹

Console/PC

Mobile

FY15

BATTLEFIELD 4

BATTLEFIELD
PREMIUM

BEJEWELLED
BLITZ

COMMAND & CONQUER
TIBERIUM
ALLIANCES

DRAGON AGE
INQUISITION

EA access

FIFA ONLINE 3

FIFA
ULTIMATE TEAM

MADDEN
ULTIMATE TEAM

HOCKEY
ULTIMATE TEAM

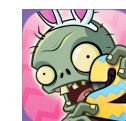
PLANTS vs ZOMBIES
GARDEN
WARFARE

pogo

The
SIMS

STAR WARS
THE
OLD REPUBLIC

TITANFALL
SEASON PASS



New for
FY16

BATTLEFIELD
HARDLINE
PREMIUM

The
SIMS 4

FIFA

MINIONS
PARADISE

NEED FOR
SPEED
NO LIMITS

STAR
WARS



1. Includes revenue from sources such as microtransactions, subscriptions, and downloadable content. Note: includes announced titles only.

Guidance – Q1 FY16

Ending June 30, 2015



	GAAP	Non-GAAP
Net Revenue	\$1,140	\$640
Gross Profit Margin	84.6%	74.5%
Operating Expense	\$522	\$475
Tax Expense	\$50	\$0
Net Income	\$385	\$0
Earnings Per Share	\$1.14	\$0.00
Diluted Shares / Basic Shares	337	328 / 312

In millions, except per share data.

Non-GAAP Tax Rate: 22%.

These forward-looking statements are valid as of May 5, 2015 only. Electronic Arts assumes no obligation to update these forward-looking statements.

Guidance – Full Year FY16

Ending March 31, 2016



	GAAP	Non-GAAP
Packaged Goods and Other	\$1,850	\$1,850
Digital Net Revenue	\$2,400	\$2,550
Total Net Revenue	\$4,250	\$4,400
Gross Profit Margin	69.4%	71.5%
Operating Expense	\$2,168	\$1,980
Tax Expense	\$110	\$257
Net Income	\$647	\$910
Earnings Per Share	\$1.90	\$2.75
Diluted Shares	340	331
Operating Cash Flow	\$1,150	

In millions, except per share data.

Non-GAAP Tax Rate: 22%.

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Guidance – Phasing

FY16 Quarterly Revenue¹



Net Revenue	Q1E	Q2E	Q3E	Q4E
Non-GAAP	14%	25%	38%	23%
GAAP	27%	19%	24%	30%

¹ These forward-looking statements are valid as May 5, 2015 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 for FY16¹



Currency Assumptions

- **Current guidance FX assumptions:**

USD/	FY16E	FY15A ²
EUR	1.089	1.280
GBP	1.488	1.624
CAD	1.261	1.133
SEK	8.587	7.244

- **Rule of thumb**

- If the U.S. dollar strengthens 10% against the Euro and British pound sterling:
 - Total net revenue decreases 1.8% and EPS decreases 1.8%
- If the U.S. dollar strengthens 10% against the Canadian dollar and Swedish krona:
 - Company operating expenses decrease 1.2% and EPS increases 0.8%

Note: Our FY16 financial guidance and the rule of thumb include the forecasted impact of the FX cash flow hedging program.

¹ These forward-looking statements are valid as of May 5, 2015 only. Electronic Arts assumes no obligation to update these forward-looking statements.

² FY15A rates are EA's weighted average P&L rates based on EA's monthly operating income.

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 on licensed intellectual property commitment (COGS)
 - Restructuring charges
 - Shares from Convertible Bond Hedge
 - Stock-based compensation

The Company uses a fixed, long-term projected tax rate internally to evaluate its operating performance, to forecast, plan and analyze future periods, and to assess the performance of its management team. Prior to April 1, 2013, a 28 percent tax rate was applied, and from April 1, 2013 until March 31, 2015, a 25 percent tax rate was applied to its non-GAAP financial results. Based on a re-evaluation of its fixed, long-term projected tax rate, beginning in fiscal year 2016, the Company will apply a tax rate of 22 percent 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 May 5, 2015 and in the following slides, Electronic Arts has provided a reconciliation of the most comparable GAAP financial measures to the non-GAAP financial measures.

Q4 FY15 Reconciliation



GAAP to Non-GAAP Unaudited Condensed Consolidated Statement of Operations

Three Months Ended March 31, 2015

	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
Net revenue	\$ 1,185	\$ -	\$ -	\$ -	\$ (289)	\$ -	\$ -	\$ 896
Cost of revenue	234	(14)	-	-	-	-	-	220
Gross profit	951	14	-	-	(289)	-	-	676
Operating expenses:								
Research and development	285	-	-	-	-	(21)	-	264
Marketing and sales	165	-	-	-	-	(5)	-	160
General and administrative	99	-	-	-	-	(10)	-	89
Acquisition-related contingent consideration	(1)	1	-	-	-	-	-	-
Amortization of intangibles	3	(3)	-	-	-	-	-	-
Total operating expenses	551	(2)	-	-	-	(36)	-	513
Operating income	400	16	-	-	(289)	36	-	163
Interest and other income (expense), net	(3)	-	-	6	-	-	-	3
Income before provision for income taxes	397	16	-	6	(289)	36	-	166
Provision for income taxes	2	-	-	-	-	-	39	41
Net income	\$ 395	\$ 16	\$ -	\$ 6	\$ (289)	\$ 36	\$ (39)	\$ 125
Earnings per share								
Basic	\$ 1.27							\$ 0.40
Diluted	\$ 1.19							\$ 0.39
Number of shares used in computation								
Basic	310	-	-	-	-	-	-	310
Diluted	332	-	(8)	-	-	-	-	324

In millions, except per share data.

Q4 FY14 Reconciliation



GAAP to Non-GAAP Unaudited Condensed Consolidated Statement of Operations

Three Months Ended March 31, 2014

	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
Net revenue	\$ 1,123	\$ -	\$ -	\$ (209)	\$ -	\$ -	\$ -	\$ -	\$ 914
Cost of revenue	223	(15)	-	-	-	-	(1)	-	207
Gross profit	900	15	-	(209)	-	-	1	-	707
Operating expenses:									
Research and development	289	-	-	-	-	-	(22)	-	267
Marketing and sales	155	-	-	-	-	-	(6)	-	149
General and administrative	105	-	-	-	(8)	-	(10)	-	87
Acquisition-related contingent consideration	2	(2)	-	-	-	-	-	-	-
Amortization of intangibles	4	(4)	-	-	-	-	-	-	-
Restructuring and other	1	-	-	-	-	(1)	-	-	-
Total operating expenses	556	(6)	-	-	(8)	(1)	(38)	-	503
Operating income	344	21	-	(209)	8	1	39	-	204
Interest and other income (expense), net	(7)	-	5	-	-	-	-	-	(2)
Income before provision for (benefit from) income taxes	337	21	5	(209)	8	1	39	-	202
Provision for (benefit from) income taxes	(30)	-	-	-	-	-	-	80	50
Net income	\$ 367	\$ 21	\$ 5	\$ (209)	\$ 8	\$ 1	\$ 39	\$ (80)	\$ 152
Earnings per share									
Basic	\$ 1.18								\$ 0.49
Diluted	\$ 1.15								\$ 0.48
Number of shares used in computation									
Basic	310								310
Diluted	319								319

In millions, except per share data.

TTM Q4 FY15 Reconciliation



GAAP to Non-GAAP Unaudited Condensed Consolidated Statement of Operations

Trailing Twelve Months Ended March 31, 2015

	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
Net revenue	\$ 4,515	\$ -	\$ -	\$ (196)	\$ -	\$ -	\$ -	\$ -	\$ 4,319
Cost of revenue	1,429	(52)	-	-	(122)	-	(2)	-	1,253
Gross profit	3,086	52	-	(196)	122	-	2	-	3,066
Operating expenses:									
Research and development	1,094	-	-	-	-	-	(82)	-	1,012
Marketing and sales	647	-	-	-	-	-	(21)	-	626
General and administrative	386	-	-	-	-	5	(39)	-	352
Acquisition-related contingent consideration	(3)	3	-	-	-	-	-	-	-
Amortization of intangibles	14	(14)	-	-	-	-	-	-	-
Total operating expenses	2,138	(11)	-	-	-	5	(142)	-	1,990
Operating income	948	63	-	(196)	122	(5)	144	-	1,076
Interest and other income (expense), net	(23)	-	22	-	-	-	-	-	(1)
Income before provision for income taxes	925	63	22	(196)	122	(5)	144	-	1,075
Provision for income taxes	50	-	-	-	-	-	-	219	269
Net income	\$ 875	\$ 63	\$ 22	\$ (196)	\$ 122	\$ (5)	\$ 144	\$ (219)	\$ 806

In millions

TTM Q4 FY14 Reconciliation



GAAP to Non-GAAP Unaudited Condensed Consolidated Statement of Operations

	Trailing Twelve Months Ended March 31, 2014								
				Change in Deferred Net Revenue (Online- Enabled Games)	College football settlement expenses	Restructuring and other	Stock-based compensation	Income tax adjustments	Non-GAAP Results
	GAAP Results	Acquisition- related expenses	Amortization of debt discount						
Net revenue	\$ 3,575	\$ -	\$ -	\$ 446	\$ -	\$ -	\$ -	\$ -	\$ 4,021
Cost of revenue	1,347	(60)	-	-	-	-	(2)	-	1,285
Gross profit	2,228	60	-	446	-	-	2	-	2,736
Operating expenses:									
Research and development	1,125	-	-	-	-	-	(90)	-	1,035
Marketing and sales	680	-	-	-	-	-	(26)	-	654
General and administrative	410	-	-	-	(48)	-	(32)	-	330
Acquisition-related contingent consideration	(35)	35	-	-	-	-	-	-	-
Amortization of intangibles	16	(16)	-	-	-	-	-	-	-
Restructuring and other	(1)	-	-	-	-	1	-	-	-
Total operating expenses	2,195	19	-	-	(48)	1	(148)	-	2,019
Operating income	33	41	-	446	48	(1)	150	-	717
Interest and other income (expense), net	(26)	-	21	-	-	-	-	-	(5)
Income before provision for (benefit from) income taxes	7	41	21	446	48	(1)	150	-	712
Provision for (benefit from) income taxes	(1)	-	-	-	-	-	-	179	178
Net income	\$ 8	\$ 41	\$ 21	\$ 446	\$ 48	\$ (1)	\$ 150	\$ (179)	\$ 534

Q4 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 March 31, 2015					
	GAAP Results	Acquisition- related expenses	Change in deferred net revenue (online- enabled games)	Stock-Based compensation	Non-GAAP Results
Operating income	\$ 400	\$ 16	\$ (289)	\$ 36	\$ 163
Adjustments:					
Stock-based compensation	36	-	-	(36)	-
Depreciation	30	-	-	-	30
Amortization of acquisition-related intangibles	17	(17)	-	-	-
Total adjustments	83	(17)	-	(36)	30
EBITDA	\$ 483	\$ (1)	\$ (289)	\$ -	\$ 193

Q4 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 March 31, 2014						
	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	\$ 344	\$ 21	\$ (209)	\$ 8	\$ 1	\$ 39	\$ 204
Adjustments:							
Stock-based compensation	39	-	-	-	-	(39)	-
Depreciation	31	-	-	-	-	-	31
Amortization of acquisition-related intangibles	19	(19)	-	-	-	-	-
Total adjustments	89	(19)	-	-	-	(39)	31
EBITDA	\$ 433	\$ 2	\$ (209)	\$ 8	\$ 1	\$ -	\$ 235

Q1 FY16 Guidance Reconciliation



The following table provides a reconciliation of the non-GAAP financial measures regarding Electronic Arts' Q1 FY16 guidance to the nearest comparable GAAP financial measures. These are preliminary estimates and expectations based on current information as of May 5, 2015 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)	Shares from Convertible Bond Hedge	Stock-Based Compensation	Tax Adjustments	Non-GAAP Guidance
Approximate Net Revenue	\$ 1,140	-	-	(500)	-	-	-	\$ 640
Approximate Gross Margin %	84.6%	1.1%	-	(11.2%)	-	-	-	74.5%
Approximate Operating Expense	\$ 522	(2)	-	-	-	(45)	-	\$ 475
Approximate Tax Expense (Benefit)	\$ 50	-	-	-	-	-	(50)	\$ -
Net Income (Loss)	\$ 385	14	6	(500)	-	45	50	\$ -
Earnings (Loss) Per Share	\$ 1.14							\$ -
Number of shares used in computation								
Basic	312							312
Diluted	337	-	-	-	(9)	-	-	328

In millions, except per share data.

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FY16 Guidance Reconciliation



The following table provides a reconciliation of the non-GAAP financial measures regarding Electronic Arts' FY16 guidance to the nearest comparable GAAP financial measures. These are preliminary estimates and expectations based on current information as of May 5, 2015 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>
Approximate Net Revenue	\$ 4,250	-	-	150	-	-	-	\$ 4,400
Approximate Gross Margin %	69.4%	1.1%	-	1.0%	-	-	-	71.5%
Approximate Operating Expense	\$ 2,168	(8)	-	-	-	(180)	-	\$ 1,980
Approximate Tax Expense (Benefit)	\$ 110	-	-	-	-	-	147	\$ 257
Net Income	\$ 647	56	24	150	-	180	(147)	\$ 910
Earnings Per Share	\$ 1.90							\$ 2.75
Number of shares used in computation								
Diluted	340	-	-	-	(9)	-	-	331

In millions, except per share data.

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