Earnings Conference Call
Fourth Quarter and Fiscal Year Ended
March 31, 2007

Today's Call

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EA Conference Call

Welcome and Safe Harbor

Welcome to our fourth quarter fiscal 2007 earnings call.

Today on the call we have Larry Probst – Chairman of the Board of Directors; John Riccitiello – Chief Executive Officer; Warren Jenson – Chief Financial and Administrative Officer; and Frank Gibeau – Executive Vice President and General Manager of North America Publishing.

Before we begin, I'd like to remind you that you may find copies of our SEC filings, our earnings release and a replay of the webcast on our web site at http://investor.ea.com. Shortly after the call we will post a copy of our prepared remarks on our website.

Throughout this call we will present both GAAP and non-GAAP financial measures. Non-GAAP measures exclude charges and related income tax effects associated with:

- acquired in-process technology,
- amortization of intangibles,
- certain litigation expenses,
- restructuring charges, and
- stock-based compensation.
- In addition, the Company's non-GAAP results exclude the impact of certain one-time income tax adjustments.

EA Conference Call

Welcome and Safe Harbor

Our earnings release provides a reconciliation of our GAAP to non-GAAP measures. In addition, we include a detailed GAAP to non-GAAP reconciliation on our website.

Information regarding our use of non-GAAP measures along with a schedule demonstrating how we calculate ROIC will be included with a copy of today's prepared remarks we post on our website.

These non-GAAP measures are not intended to be considered in isolation from – a substitute for – or superior to – our GAAP results – and we encourage investors to consider all measures before making an investment decision.

All comparisons made in the course of this call are against the same period for the prior year – unless otherwise stated.

We have also included a summary of our financial guidance with our prepared remarks, as well as our trailing twelve month platform shares in a supplemental schedule on our website.

EA Conference Call

Welcome and Safe Harbor

During the course of this call – we may make forward-looking statements regarding future events and the future financial performance of the Company. We caution you that actual events and results may differ materially. We refer you to our most recent Form 10-K and Form 10-Q for a discussion of risk factors that could cause our actual results to differ materially from those discussed today. We make these statements as of May 8, 2007 and disclaim any duty to update them.

As most of you know John Riccitiello became our new CEO on April 2.

So before we hear from Warren, Larry would like to say a few things.

Introductions

Welcome – Larry Probst

Good afternoon. My 16 years as CEO have provided me with a rich array of opportunities, experiences and insights into our business.

One of the most rewarding elements has been to watch a group of talented individuals mature into a team of seasoned executives and creative leaders.

When it came time for our Board to choose a successor as CEO – the solution was obvious. In his first seven years at EA, as our president and chief operating officer, John proved himself as a leader with exceptional vision and an ability to inspire the people around him.

We're very fortunate to have a new CEO with a deep understanding of the industry, a proven ability to lead, and a strong commitment to growing our business.

John is now running the company – he is doing a terrific job and I have every confidence that he and his team will take EA to the next level of success.

With that, let me introduce John Riccitiello.

Introductions

Welcome – John Riccitiello

Thank you Larry. This experience has been both humbling and exhilarating. As I mentioned when my appointment was announced, leading EA is my dream job.

Since joining I have been on the road meeting with our teams and business partners. This past month I have visited our studios in Vancouver, Montreal and Florida and then visited our major studio and publishing operations in Europe, Asia and the rest of North America. In total I have met with over half of our employees and had the chance to meet one on one with hundreds of people. I have also had the opportunity to review our fiscal 2007 performance and our plans for fiscal 2008.

I've learned a lot – and have come away with a few early impressions:

First – Larry has done truly an extraordinary job in leading this company for the past 16 years. He's led us through the most difficult transition in industry history – and he's focused us on a set of far-reaching goals for investing and growing the business.   Larry has been the industry's best CEO and we owe him a deep debt of gratitude. I am also personally grateful as Larry has made my transition back to EA easy and seamless.

Introductions

Welcome – John Riccitiello

Second, I'm impressed with EA's talent and incredible portfolio of assets. No other company in our industry can match these strengths. I'm also very gratified by the reception I have received from all of EA's employees.

Third, EA has done a great job of laying out its global priorities to lead on next gen platforms, in online, wireless, Asia and on further building out our portfolio of owned intellectual properties.

With that, I will now turn the discussion over to Warren. After his remarks I will come back and outline some thoughts on our priorities for fiscal 08 and beyond.

Highlights

Our Performance

Thanks John, great to have you back. Good afternoon everyone.

I'd like to begin with a few highlights:

Our fourth quarter performance exceeded our expectations – both on the top and bottom line.

For the quarter –

- **Revenue was $613 million** vs. $641 million – down 4 percent.
- **GAAP diluted loss per share was ($0.08)** vs. a loss of ($0.05) a year ago.
- **Non-GAAP diluted earnings per share were $0.06*** vs. $0.14.

* *Please see Non-GAAP Financial Measures and reconciliation information on pages 3-4 and 41 of this document.*

Highlights

Our Performance

During the quarter – several titles stood out.

- **We successfully re-launched the Command and Conquer franchise** – with C&C 3 Tiberium Wars selling over one million copies.
- **The Sims 2 Seasons sold over one million copies** – making it our fifth platinum Sims 2 expansion pack.
- **We shipped four Wii titles in March** – Tiger Woods PGA TOUR, SSX, Medal of Honor Vanguard and Godfather Blackhand Edition. While we still have a way to go – we now have six Wii titles at retail – in North America we were the number one third party publisher for the month of March and we estimate number two in Europe.
- In addition, **Def Jam ICON, Medal of Honor Vanguard, NBA Street and Burnout Dominator each sold over 500 thousand copies**.
- And finally, **our catalog continued to perform well.** Need for Speed Carbon, Need for Speed Most Wanted, The Sims 2 and Madden 07 each sold over a half million copies.

Highlights

Our Performance

For the year:

Revenue was $3.091 billion – up five percent from a year ago.

- Our top four franchises were Need for Speed, The Sims, Madden and FIFA – **all experiencing double digit unit and revenue growth year-over-year**.
- **The Sims franchise continues to thrive with 22 million copies sold** – both units and revenue were up a strong 49 percent.
- **For the year we had 24 platinum titles** down from 27 a year ago.
- **Our trailing twelve month segment share was roughly 20 percent in both North America and Europe** – down roughly two to three points for the comparable period.

In Sports – our business continues to grow – with revenue up over 20 percent.

- **Madden 07 was our top selling title** for the year with units and revenue up over 15 percent. This year we launched Madden on 11 platforms.
- **Our soccer business had a banner year – we sold over 13 million games** across our soccer portfolio – FIFA, FIFA World Cup, Champions League and FIFA Street.

Highlights

Our Performance

In online – we grew digital revenue 47 percent to $127 million. Our Club Pogo subscriptions have now surpassed 1.5 million – up 23 percent from last year. In addition, we sold over 9 million pieces of digital content (micro-transactions and digital downloads).

In cell phones – revenue reached $140 million as we continued to expand in both North America and Europe. In the first year of our acquisition – EA Mobile delivered $40 million of non-GAAP operating profit at a margin of 29 percent – well ahead of our expectations. Also on a GAAP basis the acquisition of JAMDAT was accretive for the year.

And finally – over the last 12 months we further strengthened our long-term position.

- EA Partners signed agreements to bring Rock Band, Mercenaries 2 and Hellgate London to consumers.
- We acquired five companies: Digital Illusions – Mythic Entertainment – Headgate Studios – Phenomic and Singshot.
- In Asia – we announced an agreement with Neowiz to bring online games to market and have acquired a 19 percent stake in this company.

EA Conference Call

Agenda

For the next few minutes – I'll focus my remarks in two areas:

First – I'll review our Q4 financial results,

Second – I'll go over our outlook and financial guidance.

Fourth Quarter Fiscal 2007

Net Revenue

Q4

Net revenue was $613 million – down four percent from last year primarily due to the decline in sales from current generation platforms. Revenue was driven by Command and Conquer 3 Tiberium Wars, Need for Speed Carbon, Def Jam ICON and Sims 2 Seasons. Absent the impact of foreign exchange – revenue would have been down eight percent.

We released 27 SKUs in the quarter vs. 29 a year ago.

Fourth Quarter Fiscal 2007

Net Revenue by Platform

Console revenue was $298 million – down 17 percent primarily due to the strength of last year's release of Black, Godfather and Fight Night and the decline in sales from current generation platforms. Next gen revenue was $170 million driven by the launch of the PS3 and Wii and growth in revenue from the 360. Next gen revenue was 57 percent of total console revenue.

Mobility – Revenue was $105 million – up 19 percent.

- **On mobile phones** – revenue was an industry-leading $36 million. We had four of the top-ten games in North America* and three of the top-ten in the UK*.

- **On handhelds** – revenue was $69 million – down four million. NDS revenue of $27 million was over 2x that of last year – driven by Theme Park and The Sims.   Revenue from both the PSP and GBA were down year-over-year.

PC revenue was $128 million – up 23 percent driven by C&C 3 Tiberium Wars and the continued strength of The Sims franchise. In North America and Europe, C&C was the number one PC title for the month of March.

** Source: North America – January-February 2007 Telephia; UK February 2007 ELSPA*

Fourth Quarter Fiscal 2007

Net Revenue by Platform

Co-Publishing and Distribution revenue was $45 million – down seven million principally due to last year's strength of Half Life 2.

Internet, Licensing, Advertising and Other revenue was $37 million – flat to last year. We launched Pogo in Germany during the quarter. We are also pleased that Pogo* is now a top three casual game site in the UK – just six months post launch.

** Source: Media Metrix – based on unique visitors*

Fourth Quarter Fiscal 2007

Net Revenue by Geography / Foreign Exchange Impact

Geographically.

North America revenue was $307 million – down $33 million – or 10 percent. The increase in next gen, cellular handsets and subscription revenue did not offset the decline from current gen platforms. NBA Street, Def Jam ICON and March Madness 07 did not offset last year's performance of Fight Night, Godfather and Black.

International revenue was $306 million – up $5 million – or two percent. Excluding a $22 million positive impact from foreign exchange – international revenue would have decreased six points.

- **Europe revenue was $264 million – up $2 million.** Increases in next gen, PC and favorable foreign exchange essentially offset the decline from current gen.
- **Asia revenue was $42 million – up $3 million.** Increases in NDS and PS3 offset lower co-publishing and distribution revenue. In Japan – Sim City NDS broke at number one in its launch week and was the #11 NDS title for the quarter.

Fourth Quarter Fiscal 2007

Gross Profit / Margin

Moving on to the rest of the income statement.

Gross Profit in the quarter was $378 million – down five percent.

Gross Margin was 61.7 percent vs. 61.9 percent primarily due to higher sales return charges which were partially offset by lower co-publishing and distribution royalties.

Fourth Quarter Fiscal 2007

Operating Expenses

Op Ex

As you know – at the beginning of the fiscal year we adopted SFAS 123R. In the fourth quarter this resulted in after tax stock-based compensation expense of $24 million.

Marketing and Sales. Marketing and sales expense was $116 million – up $14 million primarily due to increased ad spend and higher personnel-related costs – including stock-based compensation. Excluding the impact of stock-based comp and acquisitions – marketing and sales would have increased approximately eight percent year-over-year.

General and Administrative. G&A was $66 million – up $12 million primarily due to stock-based compensation and higher facility-related costs. Excluding the impact of stock-based comp – G&A would have increased approximately nine percent year-over-year.

Fourth Quarter Fiscal 2007

Operating Expenses

Research and Development. R&D was $257 million – up $69 million primarily due to stock-based compensation, acquisitions, facility-related expenses and third party development spend related to our EA Partners titles. Excluding the impact of stock-based comp and the impact of acquisitions – R&D would have increased approximately 20 percent.

R&D headcount was roughly 5,900 – up 14 percent from a year ago and up two percent sequentially. Acquisitions (Mythic, Phenomic, Headgate, Singshot) accounted for five points of the year-over-year increase.

Fourth Quarter Fiscal 2007

Bottom Line

GAAP Diluted Loss per Share was ($0.08) vs. a loss of ($0.05) a year ago.

Non-GAAP Diluted Earnings per Share* were $0.06 vs. $0.14.

The $0.14 difference between GAAP and non-GAAP EPS was principally due to stock-based compensation ($0.08), amortization of intangibles ($0.04) and acquisition-related charges of ($0.02).

Our trailing 12 month operating cash flow was $397 million vs. $596 million for the comparable period.

Our return on invested capital* on a trailing 12 month basis was 10 percent vs. 21 percent a year ago.

** Please see Non-GAAP Financial Measures and reconciliation information on pages 3-4 and 41 of this document and the supplemental schedule demonstrating how we calculate ROIC on page 43 of this document.*

Fourth Quarter Fiscal 2007

Balance Sheet

Now on to the Balance Sheet.

Cash, short-term investments and marketable securities were $2.976 billion – up $544 million from a year ago – primarily due to cash generated from operations and an increase in the value of our marketable securities.

Gross accounts receivable were $470 million vs. $431 million a year ago.

Reserves against outstanding receivables totaled $214 million – down $18 million from last year. Reserve levels were 11 percent as a percentage of trailing six month net revenue – down one point. As a percentage of trailing nine month net revenue – reserves were eight percent – also down one point.

Inventory was $62 million – relatively flat to last year and down $10 million sequentially. Other than Need for Speed Carbon – no one title represented more than $3 million of exposure.

Deferred net revenue from packaged goods and digital content was $23 million – up $14 million from a year ago and $9 million sequentially.

2007 Outlook

Industry / EA

Now – Our Outlook.

As I mentioned in our last call – fiscal 2008 is all about growth and return on investment.

Growth. We continue to expect industry growth in North America and Europe software sales to be between 13 to 18 percent for calendar 2007.

2007 Outlook

Industry / EA

For EA – our projected growth will be fueled by a strong line up.

- **We expect to launch over 15 wholly owned titles – five of which are franchise debuts –** Army of Two, SKATE, Playground, Boogie and a Wii Spielberg title. In addition – our blockbusters Need for Speed and Sims will be back. We continue to have enormous confidence in SPORE as a franchise – but have made the call not to include this title in our fiscal year financial plan.

- **In entertainment – we plan on launching Harry Potter and the Order of the Phoenix, Warhammer, and The Simpsons.** Through EA Partners we will release Crysis, Hellgate London, Mercenaries 2: World in Flames, Half Life 2 Orange Box and Rockband.

- **In sports – our full line will be back** – Madden NFL, FIFA, NBA Live, Tiger Woods PGA TOUR, NCAA Football, MVP NCAA Baseball, NHL and NFL Street.

While we love our lineup – it really starts to kick-in with the launch of Harry Potter in late June. The timing of our SKU plan will clearly pressure our first quarter results and near term segment shares. Once we move into our second quarter we would expect to see much improved financial comparisons and shares.

2007 Outlook

Industry / EA

By Platform

For fiscal 2008 – you can expect us to ship between 20 and 23 SKUs on both the Xbox 360 and PS3.

On the Wii and on the NDS we expect to launch 10 to 13 SKUs for each platform including –

- Originals like – My Sims (both platforms), Playground (both platforms), Boogie (Wii), and a new title (Wii) that is being co-developed with Steven Spielberg.
- For the NDS – we expect to launch Sim City. And for the Japanese market – we plan to release a beverage series – Sommelier, Sake (Sakashou) and Bartender.
- In sports – Madden 08 (both platforms), FIFA 08 (both platforms), Tiger Woods PGA TOUR (Wii) and NBA Live (Wii) and
- In entertainment – Harry Potter (both platforms) and The Simpsons (both platforms).

In short – we are on it – and more to come.

2007 Outlook

Industry / EA

In mobile – we expect global industry growth of 20 to 25 percent for calendar 2007 – fueled by new handset sales, increased consumer adoption of mobile entertainment and more great games. In the coming fiscal year – mobile revenue will likely pass through $175 million.

Online. For fiscal 2008 – we think our non-GAAP online revenue – could exceed $175 million – up close to 40 percent year over year – driven by:

- Digital downloads
- Dynamic in-game advertising
- Micro-transactions
- Warhammer in the MMO space
- POGO, and in
- Asia – we will aggressively ramp up our mid-session game offerings. We anticipate that FIFA Online will go live in both China and Japan. We also plan to roll out NBA Street.

Financial Guidance

Year Ended March 31, 2008

Now on to our financial guidance –

Before jumping into the specifics let me again take a moment to remind you that **we will no longer charge for online hosting as it relates to our online enabled packaged good titles.**

As a result, for online enabled games on the PS3, PS2, PSP and PC – all packaged goods revenue will be amortized over the length of the online service period – which we currently estimate to be six months.

We estimate that between $400 to 500 million in revenue that would have otherwise been reported in fiscal 2008 will now be deferred and recognized in fiscal 2009. We estimate roughly 40 SKUs will be impacted – 30 of which are sports games.

We do not intend to defer any product costs.

Please keep in mind – this change **does not in any way impact the economic fundamentals of our business and will not adversely impact our cash flows.**

Financial Guidance

Fiscal Year Ended March 31, 2008

As we discussed on our last call, through our non-GAAP reporting you will have comparability year-over year. We added a line to our non-GAAP reconciliation where we plan to add or subtract the change in deferred revenue related to packaged goods and digital content.

Once again – if you go to our website – you will see an expanded set of schedules and reconciliations – including an FAQ – that should assist you in understanding the impact of this change and our other non-GAAP adjustments.

Financial Guidance

Full Year Ending March 31, 2008

Now the numbers. Before I begin – we wanted to let you know that a one page summary of our financial guidance will be included with the call script on our website. Hopefully this will assist you to build your GAAP and Non-GAAP models.

First our GAAP guidance.

For the full year, we expect –

- Revenue to be between $3.1 and $3.4 billion
- Diluted loss per share to be between ($0.77) and ($0.23)
- Gross margin to be between 50 and 55 percent
- Basic share count to be 317 million

Financial Guidance

Full Year Ending March 31, 2008

We expect our GAAP revenue for the rest of the year to land in roughly the following percentages –

- 9 to 11 percent in Q1
- 19 - 23 percent in Q2
- 39 - 43 percent in Q3 and
- 25 - 30 percent of the total in Q4

For Gross Margin – we expect the following percentages by quarter –

- 49 – 52 percent in Q1
- 35 - 38 percent in Q2
- 49 - 52 percent in Q3 and
- 66 - 69 percent in Q4

Financial Guidance

Full Year Ending March 31, 2008

Now – our non-GAAP guidance.

For the full year, we expect –

- Non-GAAP revenue to be between $3.6 and $3.8 billion*
- Non-GAAP diluted earnings per share to be between $0.90 and $1.20*
- Non-GAAP gross margin to be 58 to 60 percent*. Given the increase in our EAP titles in fiscal 08 relative to fiscal 07 – we expect our gross margins to be negatively impacted.
- Diluted share count to be 328 million

** Please see Non-GAAP Financial Measures and reconciliation information on pages 3-4 and 41 of this document.*

Financial Guidance

Full Year Ending March 31, 2008

Overall – we expect our non-GAAP EPS* to be roughly $1.42 - 1.68 better than our GAAP results. The estimated break-down of these adjustments is as follows:

- Change in deferred revenue related to packaged goods and digital content to be between $0.98 and $1.23
- Stock-based compensation – approximately $0.31
- Amortization of intangible assets – roughly $0.13
- Restructuring charges – approximately $0.02

We expect our non-GAAP revenue* for the rest of the year to land in roughly the following percentages –

- 9 – 11 percent in Q1
- 25 - 30 percent in Q2
- 39 - 43 percent in Q3 and
- 18 - 23 percent of the total in Q4

* *Please see Non-GAAP Financial Measures and reconciliation information on pages 3-4 and 41 of this document.*

Financial Guidance

Full Year Ending March 31, 2008

On the expense side, we expect –

- R&D to increase in the high single digits for the year.
- Both G&A and marketing and sales should decline one to two points as a percentage of non-GAAP revenue*.

** Please see Non-GAAP Financial Measures and reconciliation information on pages 3-4 and 41 of this document.*

Financial Guidance

Full Year Ending March 31, 2008

On taxes –

First our GAAP numbers. Given the revenue deferral we expect a GAAP loss for fiscal 2008. That said – for the year – on a GAAP basis – we expect to incur an absolute level of tax expense (excluding extra-ordinary items) of up to $40 million.

For Q1 and Q2 – we estimate our GAAP tax benefit rates to be between 15 to 20 percent.

For non-GAAP – we estimate our rate for the year to be roughly 30 percent consistent with last year. For Q1 and Q2 – we expect our non-GAAP tax rates to be between 15 to 20 percent.

Finally, effective this Quarter – we will adopt FIN 48 which deals with how to account for certain income tax positions. We are in the process of evaluating this new standard. Accordingly, its effect, if any, is not reflected in our guidance.

Financial Guidance

Full Year Ending March 31, 2008

From EA studios we plan to release roughly 35 titles and 120 SKUs.

EA Mobile plans to release 30 to 35 games on cellular handsets and four games on the iPod.

Financial Guidance

First Quarter Ending June 30, 2007

For the quarter ending June 30.

First our GAAP guidance.

For the quarter, we expect –

- Revenue to be between $300 and $360 million
- Diluted loss per share to be between ($0.66) and ($0.56)
- Gross margin to be between 49 and 52 percent
- Basic share count to be 310 million

Financial Guidance

First Quarter Ending June 30, 2007

Now our non-GAAP guidance.

For the quarter, we expect –

- Non-GAAP revenue to be between $350 and $400 million*
- Non-GAAP diluted loss per share to be between ($0.40) and ($0.34)*
- Non-GAAP gross margin to be roughly 60 percent*
- Basic share count to be 310 million

Overall – we expect our non-GAAP EPS* to be roughly $0.22 to $0.26 better than our GAAP results. The estimated break-down of these adjustments is as follows:

- Change in deferred revenue related to packaged goods and digital content to be between $0.10 and $0.14
- Stock-based compensation – approximately $0.08
- Amortization of intangible assets – roughly $0.04

** Please see Non-GAAP Financial Measures and reconciliation information on pages 3-4 and 41 of this document.*

Financial Guidance

First Quarter Ending June 30, 2007

In Q1 – we expect to ship 13 SKUs – compared to 16 a year ago including –

- Harry Potter and the Order of the Phoenix on six platforms (Xbox 360, PS3, PS2, PSP, Wii and PC)
- Command and Conquer 3 Tiberium Wars on the Xbox 360
- Sim City on the NDS
- The Sims 2 Pets for the Wii
- Sims Pet Stories for PC – our second release in our new stories series
- Two Sims 2 stuff packs – (Sims 2 Celebration Stuff / Sims 2 H&M Fashion Stuff)
- The Sims 2 Deluxe for the PC – a bundle of Sims 2 PC and Sims 2 Nightlife

EA Mobile – plans to launch four games on cellular handsets (ESPN Fishing, Harry Potter, Sims Bowling, Bejeweled Multiplayer) and Sims Bowling on the iPod.

With that – I'll turn it back to John for some closing thoughts.

Closing

Thanks Warren. Before we open the call to your questions, I would like to take you through a few general priorities on which we will focus.

- **First – we will focus on improving execution and predictability.** EA is blessed with a team that is unmatched in creativity and professionalism. Our intent is to lead this team to deliver on our obligations to our consumers and our shareholders.

- **Second – I will be working to align our teams for increased accountability, agility and speed to market.** My sense is that we can be faster and better focused on capturing opportunities, increasing segment share and overall growth.

- **Third – it's time to accelerate.** We plan to set new goals for where we want to be at the peak of this cycle and beyond. Our intent is to create a stronger long-term performance trajectory.

Larry has brought me in to drive an agenda of change. I am very optimistic about EA's future and our ability to deliver on our fiscal 2008 operating plan. I look forward to telling you more about our plans and progress in the months ahead.

Now we would be happy to take all of your questions.

EA Conference Call

Safe Harbor Statement

Some statements set forth in this presentation, including the estimates under the headings “2007 Outlook”, “Financial Guidance”, and “Financial Guidance Summary” 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 subject to 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 Electronic Arts’ results to differ materially from its expectations include the following: consumer demand for, and the availability of an adequate supply of next-generation hardware units (including the Microsoft Xbox 360, Sony PlayStation 3 and Nintendo Wii); popular appeal and sales of the Company’s titles; timely development and release of Electronic Arts’ products; the Company’s ability to predict consumer preferences among competing hardware platforms; consumer spending trends; the seasonal and cyclical nature of the interactive game segment; competition in the interactive entertainment industry; the Company’s ability to manage expenses during the fiscal year 2008; the Company’s ability to secure licenses to valuable entertainment properties on favorable terms; the Company’s ability to attract and retain key personnel; changes in the Company’s effective tax rates; 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; fluctuations in foreign exchange rates; and other factors described in the Company’s annual report on Form 10-K for the year ended March 31, 2006 and quarterly report on Form 10-Q for the quarter ended December 31, 2006. These forward-looking statements speak only as of May 8, 2007. Electronic Arts assumes no obligation and does not intend to update these forward-looking statements, including those made under the “2007 Outlook”, “Financial Guidance”, and “Financial Guidance Summary” headings. In addition, the financial results used in this presentation 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 year ended March 31, 2007. 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, 2007.

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 gross profit, non-GAAP operating income (loss), non-GAAP net income (loss) and non-GAAP diluted earnings (loss) per share. These non-GAAP financial measures exclude the following items from the Company's statement of operations: acquired in-process technology; amortization of intangibles; certain litigation expenses; restructuring charges; stock-based compensation; and income tax adjustments (consisting of the tax effect of the items listed above and certain one-time tax adjustments). In addition, Electronic Arts may consider whether other significant non-recurring items that arise in the future should also be excluded from the non-GAAP financial measures it uses. Beginning with the release of its first quarter results for fiscal 2008, Electronic Arts intends, on a prospective basis, to reflect the change in its deferred net revenue related to certain online-enabled packaged goods games and digital content in its non-GAAP financial measures, including non-GAAP net revenue.

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 and when planning, forecasting and analyzing future periods. These non-GAAP financial measures also facilitate comparisons of the Company's performance to prior periods.

Electronic Arts has provided a reconciliation of the most comparable GAAP financial measure to each non-GAAP financial measure in its earnings press release dated May 8, 2007.

Financial Guidance Summary

Fiscal 2008 and Q1 2008

($ in Millions, except per share data)

	GAAP			Non-GAAP		
Net Revenue						
Fiscal Year 2008	$3,100	-	$3,400	$3,600	-	$3,800
Q1	$300	-	$360	$350	-	$400
Quarterly Allocation - % of Total Net Revenue						
Q1	9%	-	11%	9%	-	11%
Q2	19%	-	23%	25%	-	30%
Q3	39%	-	43%	39%	-	43%
Q4	25%	-	30%	18%	-	23%
Gross Margin - %						
Fiscal Year 2008	50%	-	55%	58%	-	60%
Quarterly Margin - %						
Q1	49%	-	52%	~ 60%		
Q2	35%	-	38%			
Q3	49%	-	52%			
Q4	66%	-	69%			
Research & Development						
Fiscal Year 2008 - Y/Y Growth %	High Single Digits			High Single Digits		
General & Administrative						
Fiscal Year 2008 - % of Revenue				Down 1 - 2 Points as % of Revenue		
Sales & Marketing						
Fiscal Year 2008 - % of Revenue				Down 1 - 2 Points as % of Revenue		
Income Tax Expense / Rate						
Fiscal Year 2008	$40			30%		
Q1	15%	-	20%	15%	-	20%
Q2	15%	-	20%	15%	-	20%
Diluted EPS						
Fiscal Year 2008	($0.77)	-	($0.23)	$0.90	-	$1.20
Q1	($0.66)	-	($0.56)	($0.40)	-	($0.34)
Share Count (MM)						
Fiscal Year 2008	317 (basic)			328 (diluted)		
Q1	310 (basic)			310 (basic)		

Supplemental Information

ROIC

Return on Invested Capital ("ROIC") is one measure we look at to evaluate our operational and asset efficiency. Note that ROIC is not a measure of financial performance under GAAP and should not be considered in isolation or as an alternative to net income as an indicator of company performance, or as an alternative to operating cash flow as a measure of liquidity. The following illustrates our methodology (in millions).

(Dollars in Millions)

	FY07			
	Q1	**Q2**	**Q3**	**Q4**
TTM Net Income	$213	$184	$85	$76
TTM Tax-Affected Stock-Based Comp.	31	57	84	107
TTM Adjusted Net Income	**$244**	**$241**	**$169**	**$183**
Equity (1)	$3,461	$3,649	$3,965	$4,142
+ Debt	0	0	0	0
- Excess Cash (2)	(1,931)	(1,861)	(2,099)	(2,326)
Invested Capital	**$1,530**	**$1,788**	**$1,866**	**$1,816**
TTM Avg. Invested Capital				**$1,750**
TTM ROIC				**10%**

(1) Excludes stock-based compensation.
(2) Excess cash equals cash, cash equivalents and short term investments minus 10% of TTM revenue.