ELECTRONIC ARTS™

Earnings Conference Call
Fourth Quarter and Fiscal Year Ended March 31, 2006

Today's Call

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EA Conference Call

Welcome and Safe Harbor

Welcome to our fourth quarter fiscal 2006 earnings call.

Today on the call we have Larry Probst – Chairman and Chief Executive Officer; Warren Jenson – Chief Financial and Administrative Officer and Frank Gibeau, Executive Vice President and General Manager of North American 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 Warren's remarks on our website.

- Throughout this call we will present both GAAP and non-GAAP financial results. Non-GAAP results exclude charges and related income tax effects associated with:
  - acquired in-process technology,
  - amortization of intangibles,
  - employee stock-based compensation,
  - restructuring charges and
  - certain litigation expenses.
  - 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 non-GAAP to GAAP results.
- In addition, in anticipation of expensing stock based compensation next quarter, we have expanded our non-GAAP disclosures to include a reconciliation of our GAAP to non-GAAP Statement of Operations.
- Information regarding our use of non-GAAP measures along with a schedule demonstrating how we calculate ROIC will also be included with a copy of Warren's 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 included our trailing twelve month platform shares and our 2006 estimated market outlook 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 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 3, 2006 and disclaim any duty to update them.

And now – I'd like to turn the call over to Warren.

Highlights

Our Performance

Good afternoon everyone.

Fiscal 2006 was a year in which we held our own competitively but at the same time we felt the impact of a challenging marketplace.

There were however several highlights:

Highlights

Our Performance

Overall – our titles performed well.

- We ended the year with 27 platinum hits – of which 12 were double platinum.
- We ended the year as the number one publisher in North America on Xbox 360 and were number two behind Microsoft in Europe.
- On the PSP – We were number one in both North America and in Europe. On the Nintendo DS we are the number two publisher behind Nintendo.
- We were also pleased with the launch of our first open world game Godfather -- which sold close to two million copies in the first week. Harry Potter and the Goblet of Fire sold more than 4.5 million copies outperforming last year's Harry Potter and the Prisoner of Azkaban.
- We continued to expand our revenue base from wholly owned IP. This past year roughly 41 percent of total revenue came from owned intellectual properties – up four points from last year. Need for Speed Most Wanted was our top selling title for the year. We are also pleased with our newest IP -- Black -- which has sold approximately 1.5 million copies.

Highlights

Our Performance

- We now have six $1 billion dollar lifetime franchises at retail – two more than last year: NBA Live and Harry Potter join Madden, Need for Speed, The Sims and FIFA. Madden has now become our first franchise to exceed $2 billion.

Our sports business continues to thrive.

- Madden 06 unit sales were up over 10 percent year-over-year,
- FIFA 06 unit sales were up more than 20 percent,
- NBA Live continues to set the pace in pro basketball with 69 percent revenue share for the fiscal year,
- NCAA Football sold more than two million copies – and
- Our two new sports titles -- MVP NCAA Baseball and Arena Football -- both had solid performances.

Highlights

Our Performance

Again this year – our teams won several important awards for creative excellence.

- **We took seven awards at E3 in 2005** (Spore – Best of Show, Best Original Game, Best PC Game, Best Simulation Game; Madden NFL 2006 – Best Sports Game; Burnout Revenge – Best Racing Game and Battlefield 2 – Best Online Multiplayer Game),
- **At China Joy, E3's equivalent in China, EA won four PC Awards** (Best Current PC Games – FIFA 2006 and NBA Live 2006; Most Anticipated PC Games – Tiger Woods PGA Tour 2006 and Harry Potter Goblet of Fire),
- **We received five awards from the Academy of Interactive Arts and Sciences** (Need for Speed Most Wanted – Racing Game of the Year; SSX on Tour – Sports Game of the Year; Battlefield 2 – PC Game of the Year, First-Person Action Game of the Year, Outstanding Achievement in Online Play), and
- **In Europe, EA won four top awards at the Leipzig Game Convention.**

This recognition summarizes what we are all about – creativity, innovation and leadership.

Highlights

Our Performance

This year – we further strengthened our long-term position.

- We extended our exclusive relationship with FIFA for the next eight years and Tiger Woods for six years.
- We have likewise extended our Harry Potter license through 2011.
- We entered into a long-term exclusive arrangement to bring The Simpsons to next generation consoles.
- We are now in pre-production with Steven Spielberg as part of our exclusive interactive relationship.

In Mobility

- With the acquisition of JAMDAT – we are a global leader on mobile phones and in a position to quickly expand this business.
- Our revenue from mobile platforms – which includes both handhelds and cellular phones -- increased by $275 million in the year – reaching $393 million or 14 percent of revenue.

Highlights

Our Performance

Online

- We have developed and launched our digital distribution platform for PC games. To date we have completed more than 750 thousand transactions over the web (micro-transactions / digital downloads). We are also the leading third party content provider on Xbox Live Marketplace with 2.3 million downloads of digital content in less than five months.
- Club Pogo now has more than a million subscribers and revenue is up more than 40 percent year-over-year.
- In China, we have chosen our online operator and are about to launch our closed beta for Pogo.
- Online revenue is now closing in on a $100 million. In March alone -- people spent 3.6 billion minutes on our sites – making EA Online one of the largest online communities in North America.

Taken together – these moves all serve to strengthen EA globally on consoles and the PC – in online – and in mobility – the three pillars of interactive leadership.

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.

And then following my comments – Larry, Frank and I will open the call to your questions.

Fourth Quarter Fiscal 2006

Net Revenue

Q4 Performance.

Net revenue was $641 million – up 16 percent driven primarily by Godfather, Black and by Fight Night Round 3 on the 360. We released 29 SKUs in the quarter compared to 25 SKUs a year ago.

We had five titles that went platinum in the quarter: Godfather, Fight Night Round 3, Black, FIFA Street 2 and The Sims 2 Open for Business. In addition – Need for Speed Most Wanted sold over one million copies in the quarter and The Sims 2 – over 900 thousand copies.

Fourth Quarter Fiscal 2006

Net Revenue by Platform

Console revenue was $360 million – up 14 percent.   The increase was driven by the Xbox 360 and the PS2. While current gen revenue was down six percent – Xbox 360 revenue more than offset the decline in Xbox.

PC revenue was $104 million – up 22 percent primarily due to the strength of Lord of the Rings Battle for Middle Earth II.

Mobility revenue more than doubled to $88 million driven by increases in PSP and mobile phones and to a lesser extent the NDS. During the quarter, we had four of the top-ten PSP titles in both North America and in Europe. Cellular revenue totaled $15 million due to the consolidation of JAMDAT in the back half of the quarter. We had four of the top-five titles in North America on the cell phone – with Tetris at number one. In the UK, for the month of March, on the cell phone we had four of the top-10 titles.*

Co-Publishing and Distribution revenue was $52 million – down $37 million year-over-year. We had no significant launches this quarter.

Internet, Licensing and Other revenue was $37 million – up $9 million primarily due to higher license revenue.

** North America data – Telephia; UK data – Entertainment and Leisure Software Publishers Association (ELSPA)*

Fourth Quarter Fiscal 2006

Net Revenue by Geography / Foreign Exchange Impact

Geographically.

North America revenue was $340 million – up $52 million or 18 percent.

- The increase was driven by revenue related to Xbox 360, mobile platforms and the PC. Current gen revenue was down 10 percent due to double digit declines in the Xbox and Game Cube, partially offset by an increase in revenue on the PS2.

International revenue was $301 million – up $36 million or 14 percent year-over-year. Changes in foreign exchange rates negatively impacted our top line by $24 million.

- **Europe revenue was $262 million – up $44 million or 20 percent -** driven by the PSP and to a lesser extent the PS2 and Xbox 360. Overall – current generation console revenue was up four percent due to the strength of our titles on the PS2.

- **Asia revenue was down 17 percent year-over-year** driven by lower distribution revenue and a decline in current gen.

Fourth Quarter Fiscal 2006

Gross Profit / Margin

Moving on to the rest of the income statement.

Gross Profit in the quarter was $397 million – up 24 percent.

Gross Margin was 61.9 percent vs. 57.9 percent. The increase was driven principally by lower price protection and sales return charges.

Fourth Quarter Fiscal 2006

Operating Expenses

Operating Expenses.

Marketing and Sales. Marketing and sales expense was $102 million – up $15 million over last year due to higher advertising associated with the launch of both Black and Godfather.

General and Administrative. G&A was $54 million – down $12 million year-over-year. The decrease was driven primarily by lower employee-related litigation costs. On a run rate basis G&A was roughly flat.

Research and Development. R&D was $188 million – up $27 million or 17 percent driven by an increase in spending for next generation titles and online content and functionality

R&D headcount was up 22 percent from approximately 4,200 to roughly 5,200 employees. Acquisitions accounted for eight points of this increase.

Fourth Quarter Fiscal 2006

Bottom Line

GAAP Diluted Loss per Share was ($0.05) vs. GAAP diluted earnings per share of $0.02 a year ago.

Non-GAAP Diluted Earnings per Share* were $0.14 vs. $0.09.

The difference between GAAP and Non-GAAP EPS is principally due to acquisition-related charges, the repatriation of $375 million in foreign earnings under the American Jobs Creation Act of 2004 and restructuring activities.

** Please see non-GAAP Financial Measures and reconciliation information on pages 3-4 and 38-39 of this document and the supplemental schedule demonstrating how we calculate ROIC on page 40 of this document.*

Fourth Quarter Fiscal 2006

Bottom Line

Our trailing 12 month **operating cash flow** was $596 million vs. $634 million for the comparable period.

Our **return on invested capital*** on a trailing 12 month basis was 21 percent vs. 60 percent a year ago.

Our GAAP **diluted share count** for the quarter was 304 million vs. 322 million a year ago. On a non-GAAP* basis it was 312 million for the quarter.

Had **stock based compensation expense** been included in our results – GAAP diluted loss per share would have increased by roughly $0.05. As you know we will begin expensing next quarter.

** Please see non-GAAP Financial Measures and reconciliation information on pages 3-4 and 38-39 of this document and the supplemental schedule demonstrating how we calculate ROIC on page 40 of this document.*

Fourth Quarter Fiscal 2006

Balance Sheet

On to the Balance Sheet.

Cash, short-term investments and marketable equity securities were $2.4 billion – down from a year ago primarily related to the completion of our share repurchase program ($709 million) and the cash acquisition of JAMDAT ($658 million).

Gross accounts receivable were $431 million vs. $458 million a year ago – a decrease of 6 percent due to the timing of our release schedule.

Reserves against outstanding receivables totaled $232 million – up $70 million from last year. Reserve levels were 12 percent as a percentage of trailing six month net revenue – up 4 points from last year. As a percentage of trailing nine month net revenue – reserves were 9 percent – up 3 points.

Inventory was $61 million – flat to last year. No one title represents more than $7 million of net exposure.

We recorded $707 million of intangibles related to our acquisition of JAMDAT. Of this amount – $212 million will be amortized to the P&L over 2-12 years.

2007 Outlook

Industry / EA

Our Outlook and Guidance.

Before we get into the numbers – we thought it would be helpful to update our thoughts on the transition, the year ahead and our priorities and investments.

The Transition.

As we look ahead – we feel that what we are going through today – is a lot more than a console transition. The interactive industry – as we see it – is really going through a global transformation. This transformation involves not only the consoles and PCs but everything online and everything, mobile too. It is also opening new markets. It is about connectivity and changing the way in which people play games.

In this context – we want to outline our investment priorities for fiscal 2007. Each of these priorities is a critical element in our plan to sustain and extend our global leadership.

2007 Outlook

Industry / EA

Our Priorities.

1. **Next Gen Platforms** – next gen leadership will continue to be objective one for EA. We expect to dramatically expand our next gen SKU count in the year ahead – supporting the Xbox 360, PS3 and the Nintendo Wii.

   While not console specific – we are also planning to support Microsoft's Vista roll-out in a meaningful way.

2. **Online. In online we expect to**:

   - Launch Pogo in China, Europe and on Xbox Live Arcade,
   - Significantly enhance our PC digital distribution platform as well as EA Nation,
   - On our key games – we expect to build more downloadable content with an eye toward micro-transactions, and finally,
   - Develop and launch two advanced casual games in Asia.

2007 Outlook

Industry / EA

3. **Mobility.** In cell phones – our objective is to leverage the JAMDAT acquisition to take advantage of our EA content portfolio and quickly expand our presence globally. In handhelds we expect to continue to actively support both the PSP and NDS.

4. **Wholly Owned Intellectual Properties**. We are slightly over 40 percent of revenue today – our objective is to build on this base. You'll see some of our work at E3.

5. **Globalization – we are obviously busy in China and the rest of Asia.** But we're also busy in Eastern Europe, too. By the end of fiscal 2007 we expect to have more than 300 active production and deployment personnel in China, India and Eastern Europe.

2007 Outlook

Industry / EA

It is on the basis of these five priorities that we have built our fiscal 2007 operating plan.

So – what does this mean for R&D spending in fiscal 2007.

Last year -- R&D was $758 million. Of this amount approximately:

- $600 million was spent in our world wide studios on technology, console and PC products
- $100 million was spent on mobile platforms – which include cell phones and handhelds, and
- $60 million was spent in online which includes console online, POGO, EA Nation and our digital distribution platform.

Looking ahead to fiscal 2007, we expect our spending:

- In our core studio -- to increase by 5 to 10 percent as we continue to transition to next gen SKUS and away from current gen
- In mobility -- to increase by 55 to 60 percent – and
- In online -- to increase by 80 to 90 percent year-over-year.

2007 Outlook

Industry / EA

As a result of the scope of our priorities – we now expect our fiscal 2007 R&D to increase by 15 to 20 percent year-over-year -- excluding the impact of stock based compensation. We recognize this range is higher than what we said three months ago and a clear hit to our short term profitability. That said -- we think we have appropriately prioritized the spend – we think we made the right decisions and – are making a smart long-term move.

This investment is core to our global leadership on next gen consoles, in online and on mobile platforms.

Industry Update

Market Outlook

I'll conclude my portion of today's call with our **Market Outlook** and **Financial Guidance.**

2006 Market Outlook

Essentially our outlook for the industry remains the same – we expect overall software sales in North America and Europe for calendar 2006 to be flat to down 5 percent. We are planning for the PS3 and Nintendo Wii to launch in the late fall.

In addition -- we expect the overall mobile phone game segment to be up 25 to 30 percent.

Financial Guidance

First Quarter Ending June 30, 2006

Now – on to our Financial Guidance:

The following forward-looking statements reflect our expectations as of May 3, 2006.

Actual results may be materially different and are affected by many factors, such as consumer spending trends, the popular appeal of our products, development delays, current-generation and next-generation hardware availability, the seasonal and cyclical nature of our industry, the overall economy, competition, changes in foreign exchange rates, our effective tax rate, and other factors detailed in our earnings release and in our SEC filings.

Before jumping into the specifics I'd like to cover off a few things that are relevant to our guidance.

1. **Once again – this is a year with many uncertainties**. While we expect the PS3 and Nintendo Wii to launch successfully – there could easily be delays and shipment quantities could fall below our estimates. Should this happen it would cause our numbers to drop materially. Likewise – while it looks like Microsoft is successfully ramping production – any significant Xbox 360 interruptions would negatively impact our performance.

2. **We continue to expect the PSP to do well** – a significant shortfall in expected sell through would also hurt us.

3. **Our development risk is high**. While we feel we are in great shape on the Wii and the PS3 – we – like the rest of the industry – still have not built a game. Many unknowns exist. And finally,

4. **We have a lot going on** – with greater complexity comes higher risk.

Financial Guidance

First Quarter Ending June 30, 2006

We have tried to take these factors into account in the breadth of our full year guidance – but at this early date – we can't be sure that we have adequately captured the uncertainties.

We also ask that you review the risk factors identified in our SEC filings.

Financial Guidance

First Quarter Ending June 30, 2006

Now the numbers

For the quarter ending June 30 – we expect:

- Revenue to be between $300 and $340 million
- GAAP diluted loss per share to be between ($0.42) and ($0.36)
- Non-GAAP diluted loss per share to be between ($0.28) and ($0.22)

Overall – we expect our non-GAAP earnings to be roughly $0.14 higher than our GAAP EPS. The estimated break-down of these adjustments is as follows:

- Stock-based compensation ~ $0.09
- Amortization of intangible assets ~ $0.03
- Restructuring charges ~ $0.02 related to our European reorganization

Financial Guidance

First Quarter Ending June 30, 2006

In Q1 – we expect to ship 16 SKUs – consistent with a year ago.

Our Q1 releases include:

- FIFA World Cup 2006 on 8 platforms (Xbox 360, PS2, Xbox, NGC, PC*, PSP, NDS, GBA). As you know this title has already shipped and we are pleased to say it is off to a great start. It was the best selling title in Germany in the first week post launch.
- Battlefield 2 Modern Combat on the Xbox 360
- Battlefield 2: Armored Fury Booster Pack for digital download
- Battlefield Deluxe on the PC (combo of Battlefield 2 and Special Forces Expansion Pack)
- James Bond 007: From Russia with Love on the PSP
- NFL Head Coach on 3 platforms (PS2, Xbox, PC*) – and
- The Sims 2 Family Fun Stuff Expansion Pack*
- Please note that Superman will not ship in Q1. Instead we are planning on a fall release concurrent with the release of the movie on DVD.

* *Offered at retail and thru EA digital downloader*

Financial Guidance

First Quarter Ending June 30, 2006

On mobile phones – we plan to release 8 games (Blue Blocks Deluxe, Casino Deluxe**,** Def Jam Fight for NY, FIFA World Cup 2006, Let it Ride, MLB 2006, Multiplayer Pool, Orcs and Elves)

Financial Guidance

Full Year Ending March 31, 2007

Full Year Guidance

For the full year, we expect:

- Revenue to be between $2.7 and $2.95 billion
- GAAP diluted earnings per share to be between a loss of ($0.15) and earnings of $0.15
- Non-GAAP diluted earnings per share to be between $0.35 and $0.65

Overall – we expect our non-GAAP earnings to be roughly $0.50 higher than our GAAP EPS. The estimated break-down of these adjustments is as follows:

- Stock-based compensation ~ $0.30
- Amortization of intangible assets ~ $0.15 and
- Restructuring charges ~ $0.05 related to our European reorganization.

Please note -- this estimate does not include any charges associated with the potential closing of our DICE acquisition.

Financial Guidance

Full Year Ending March 31, 2007

In total – we plan to release between 30 and 35 titles, including

- Need for Speed
- Medal of Honor Airborne – which we are now planning to release in Q4
- Battlefield 2142
- Command and Conquer Tiberium Wars
- Army of Two – an exciting new IP from our Montreal studio
- Sims Expansion Packs and a version of The Sims for the laptop-- and
- A new Def Jam title

Separately – we have agreed with MGM and Danjaq to end our James Bond license. We no longer feel this partnership fits within our respective corporate strategies. We want to thank MGM and Danjaq – they have been great partners.

Financial Guidance

Full Year Ending March 31, 2007

In addition, in EA SPORTS, we plan to launch –

- Madden NFL
- FIFA
- NBA Live
- Tiger PGA Tour
- NCAA Football
- MVP NCAA Baseball

This year you will also see further integration of ESPN content into our titles.

In mobile phones – we plan to release 25-30 games.

Financial Guidance

Full Year Ending March 31, 2007

Further – we expect our revenue for the rest of the year to land in roughly the following percentages:

- 20 - 25 percent in Q2
- 40 - 45 percent in Q3 and
- 20 - 25 percent of the total in Q4

We expect our second quarter EPS to be roughly break-even on a non-GAAP basis.

We expect gross margin to come down year-over-year as a result of lower current generation pricing and higher content royalty rates. Some of this pressure likely will be offset by a mix shift toward higher margin platforms including potentially the PS3.

Financial Guidance

Full Year Ending March 31, 2007

On the expense side, excluding stock-based compensation, we expect:

- R&D to increase by 15 to 20 percent for the year. Approximately 6 points of this increase is a result of consolidating JAMDAT for the full year.
- Both G&A and marketing and sales should remain relatively flat year-over-year as a percentage of revenue.

Financial Guidance

Full Year Ending March 31, 2007

On Share Count – we expect our fully-diluted share count at year end to be about 320 million shares.

Finally – we ask that you keep in mind that with the introduction of next generation platforms and the global expansion of online gaming – you will see more games delivered with significantly enhanced online game play. In some situations, this may increase deferred revenue. This, of course, will have no adverse impact on cash flows.

We look forward to seeing everyone at E3 next week.

With that – we will open the call to your questions

EA Conference Call

Safe Harbor Statement

Some statements set forth in this presentation, including the estimates under the headings “2007 Outlook”, ”Industry Update” and “Financial Guidance,” 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: the timely release of next-generation hardware; the availability of an adequate supply of current-generation and next-generation hardware units (including the Microsoft Xbox 360, Sony PlayStation 3 and Nintendo Wii); 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 fiscal year 2007; 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, 2005 and Form 10-Q for the quarter ended December 31, 2005. These forward-looking statements speak only as of May 3, 2006. Electronic Arts assumes no obligation and does not intend to update these forward-looking statements, including those made under the “2007 Outlook”, “Industry Update” and “Financial Guidance” 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 fiscal year ended March 31, 2006. 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, 2006.

EA Conference Call

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. The non-GAAP financial measures used by Electronic Arts include non-GAAP operating income, non-GAAP net income and non-GAAP diluted earnings 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; employee stock-based compensation; restructuring charges; certain litigation expense. Income tax adjustments (consisting of the tax effect of the items listed above and 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.

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 further believes that where the adjustments used in calculating non-GAAP operating income, non-GAAP net income and non-GAAP diluted earnings per share are based on specific, identifiable charges that impact different line items in the Company's statements of operations (including cost of goods sold, marketing and sales, general and administrative, research and development expense and income tax expense), that it is useful for investors to understand how these specific line items are affected by these adjustments.

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 3, 2006.

Supplemental Information

ROIC Calculation

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).

	Q1 FY06	Q2 FY06	Q3 FY06	Q4 FY06
TTM Net Income	422	376	260	236
Equity	3,167	2,984	3,341	3,408
+ Debt	-	-	-	-
- Excess Cash (Cash minus 10% TTM revenue)	(2,267)	(1,927)	(2,270)	(1,977)
Invested Capital	900	1,057	1,071	1,431
Average Invested Capital (four quarter average)				**1,115**
TTM ROIC				**21%**