

## **EA REPORTS RECORD \$1.23 BILLION QUARTER; *Driven by Harry Potter, James Bond, FIFA Soccer***

**REDWOOD CITY, CA** – January 29, 2003 – Electronic Arts (NASDAQ: ERTS) today announced record financial results for the fiscal quarter ended December 31, 2002. Consolidated net revenues for the quarter were \$1.23 billion, up 48 percent compared with \$833 million for the fiscal quarter ending December 31, 2001. Net revenues were driven by: *Harry Potter and the Chamber of Secrets™*, *James Bond 007: Nightfire™*, *FIFA Soccer 2003*, *The Lord of the Rings™*, *The Two Towers™*, *Need for Speed™ Hot Pursuit 2*, *NBA Live 2003* and *Medal of Honor Frontline™*.

Consolidated net income for the quarter was \$250 million, an 89 percent increase over the prior year. Diluted earnings per share for the quarter was \$1.69, up 84 percent, or \$0.77, year over year.

“This was a historic holiday season for the Company,” said Larry Probst, Chairman and Chief Executive Officer of Electronic Arts. “EA became the first third-party publisher to achieve a billion dollar quarter. Eleven titles sold more than one million units. Our global development and publishing organizations have never been stronger.”

In the U.S., EA had five of the top ten titles on the industry leading PlayStation®2 computer entertainment system and five of the top ten titles on the PC. In Europe, EA had 4 titles that sold more than one million units each and FIFA 2003 outsold its nearest competitor by 2.5:1 across all platforms.

“Our results again demonstrate the global strength of EA,” said Warren Jenson, Chief Financial and Administrative Officer. “While revenues grew by 48 percent to \$1.23 billion, we also delivered on the bottom line. EA’s net income increased by 89 percent to \$250 million and our trailing twelve month operating cash flow was \$580 million.”

### **Highlights for the Quarter** (comparisons are to the quarter ending December 31, 2001)

- Net revenues increased in all territories: North America - up 36 percent to \$696 million; Europe - up 68 percent to \$471 million; Asia Pacific - up 75 percent to \$38 million; Japan - up 41 percent to \$29 million.
- Gross margin was 55 percent versus 52 percent.
- Operating income margin reached 30 percent versus 23 percent.
- In the U.S., EA had five of the top ten titles on the leading PlayStation®2 console – *Madden NFL™ 2003*, *The Lord of the Rings*, *The Two Towers*, *Kingdom Hearts*, *NBA Live 2003* and *James Bond 007: Nightfire* – according to NPDFunworld TRSTS.
- EA had five of the top ten selling PC games in the U.S. – *The Sims™ Deluxe*, *The Sims™ Unleashed Expansion Pack*, *Harry Potter and the Chamber of Secrets*, *Medal of Honor Allied Assault™* and *Battlefield 1942™* – according to NPD Techworld.
- *NBA Live 2003* sold one million units at retail in the U.S., outselling its nearest competitor by over 2:1 – according to NPDFunworld TRSTS.
- *The Sims Online™* was introduced on December 17, 2002. Through January 28, 2003, approximately 105,000 units have sold through and approximately 82,000 individuals are registered players.

- In Europe, EA had four titles that sold over one million units – *Harry Potter and the Chamber of Secrets*, *FIFA Soccer 2003*, *James Bond 007: Nightfire* and *The Lord of the Rings, The Two Towers*.
- For calendar 2002, EA had 22 titles that sold more than a million units each.

## **Studio Restructuring**

In the fourth quarter, EA will begin the consolidation of our Los Angeles, Irvine and Las Vegas studios into a major game development studio in Los Angeles. Once complete, we will have major centralized studio operations in Vancouver, British Columbia; Redwood Shores, Walnut Creek, and Los Angeles, California; Orlando, Florida; Tokyo, Japan; and Chertsey, United Kingdom.

## **Business Outlook**

The following forward-looking statements reflect EA's expectations as of January 29, 2003. Results may be materially different and are affected by many factors, such as changes in the overall global economy, actual consumer spending, product development delays, subscriber acceptance of our online products and other risk factors detailed in this release.

### *Fiscal Fourth Quarter – Ending March 31, 2003*

- Consolidated net revenues are expected to be between \$420 million and \$460 million.
- Consolidated diluted earnings per share are expected to be between \$0.27 and \$0.35. This range does not factor in studio restructuring charges, which are still being determined.

### *Fiscal Year – Ending March 31, 2003*

- Consolidated net revenues are expected to be between \$2.439 and \$2.479 billion.
- Consolidated diluted earnings per share are expected to be between \$2.37 and \$2.45. This range does not factor in studio restructuring charges, which are still being determined.

## **Supplemental Pro Forma Disclosure**

Pro forma results are included in the financial schedules attached to this report as a supplement to EA's GAAP (Generally Accepted Accounting Principles) results. The Company believes pro forma results are useful in illustrating and explaining operating results and comparisons to prior periods.

Pro forma results exclude the following items from the Company's statement of operations:

- Amortization of intangibles
- Restructuring and asset impairment charges (including permanent impairment of investments)
- Charges for acquired in-process technology

In addition, pro forma results for EA Core and EA.com reflect these segments on a stand-alone basis and allocate income taxes on a proportional basis to the respective income (loss) for each segment.

A reconciliation of GAAP to pro forma is included as part of the supplemental disclosures.

## **Webcast**

Electronic Arts will host a webcast at 2:00 pm PST (5:00 pm EST) on January 29, 2003 at [www.info.ea.com](http://www.info.ea.com) to review the results for the Company's quarter ending December 31, 2002 and to discuss the Company's near term outlook. A replay will be available through February 5, 2003.

*Some statements set forth in this release including those under the heading "Business Outlook" contain forward-looking statements that involve risks and uncertainties. Statements including words such as "anticipate", "believe" or "expect" and statements in the future tense are forward-looking statements. These forward-looking statements are subject to business and economic risks and actual events or actual future results could differ materially from those set forth in the forward-looking statements due to such risks and uncertainties. Some of the factors which could cause our results to differ materially include the following: timely development and release of our products; consumer spending trends; retention of key personnel; risks associated with major platform transitions; the limited operating history and experience of EA.com; subscriber acceptance of our online products; potential regulation of our products in key territories; developments in the law regarding protection of our products; and other factors described in our Annual Report on Form 10K for the year ended March 31, 2002 and Form 10Q for the quarter ended September 30, 2002. If any of these risks or uncertainties materializes, our results could differ materially from our expectations described in these forward-looking statements. We do not intend to update these forward-looking statements, including those made under the "Business Outlook" heading.*

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