Electronic Arts Inc.
Fiscal Year 2014
Proxy Statement and Annual Report

Notice of 2014 Annual Meeting and Proxy Statement

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Notice of 2014 Annual Meeting of Stockholders

DATE: July 31, 2014

TIME: 2:00 p.m. (Pacific)

PLACE: ELECTRONIC ARTS' HEADQUARTERS
Building 250*
209 Redwood Shores Parkway
Redwood City, CA 94065

** Please note: Building 250 is located on the headquarters' campus at 250 Shoreline Drive*

MATTERS TO BE VOTED UPON:

Agenda Item	Board of Directors' Recommendation
1. The election of Leonard S. Coleman, Jay C. Hoag, Jeffrey T. Huber, Vivek Paul, Lawrence F. Probst III, Richard A. Simonson, Luis A. Ubiñas, Denise F. Warren and Andrew Wilson to the Board of Directors to hold office for a one-year term;	FOR
2. Advisory vote on the compensation of the named executive officers;	FOR
3. Ratification of the appointment of KPMG LLP as our independent registered public accounting firm for the fiscal year ending March 31, 2015; and	FOR
4. Any other matters that may properly come before the meeting.	

Any action on the items of business described above may be considered at the Annual Meeting at the time and on the date specified above or at any time and date to which the Annual Meeting may be properly adjourned or postponed.

Stockholders of record as of the close of business on June 9, 2014 are entitled to notice of the meeting and to attend and vote at the meeting. A complete list of these stockholders will be available at Electronic Arts' headquarters prior to the meeting. A live audio webcast of the Annual Meeting will also be made available at *http://investor.ea.com*.

Your vote is important. Whether or not you plan to attend the Annual Meeting, we encourage you to read this Proxy Statement and submit your proxy or voting instructions as soon as possible, so that your shares may be represented at the meeting. You may vote on the Internet, by telephone, or, if you requested to receive printed proxy materials, by mailing a proxy card or voting instruction card. For specific instructions on how to vote your shares, please refer to the instructions on the Notice of Internet Availability of Proxy Materials ("Notice") you received in the mail, the section titled "Commonly Asked Questions and Answers" beginning on page 5 of this Proxy Statement or, if you requested to receive printed proxy materials, your enclosed proxy card. Please note that this Proxy Statement, as well as our Annual Report on Form 10-K for fiscal year ended March 31, 2014, is available at *http://investor.ea.com*.

By Order of the Board of Directors,

Jacob J. Schatz
Senior Vice President, General Counsel
and Corporate Secretary

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PROXY STATEMENT

Our Board of Directors is soliciting proxies for the 2014 Annual Meeting of Stockholders (the “Annual Meeting” or the “2014 Annual Meeting”). The proxy materials, including this Proxy Statement and our 2014 Annual Report, proxy card and voting instructions, contain important information for you to consider when deciding how to vote on the matters brought before the meeting. Please read them carefully.

The Board of Directors has set June 9, 2014 as the record date for the meeting. Stockholders who owned common stock on that date are entitled to notice of the meeting, and to attend and vote at the meeting, with each share entitled to one vote. There were 313,750,216 shares of common stock outstanding on the record date.

In accordance with rules and regulations adopted by the U.S. Securities and Exchange Commission (the “SEC”), we are providing stockholders with access to our proxy materials by providing such documents on the Internet. The Notice of 2014 Annual Meeting of Stockholders, Proxy Statement, our 2014 Annual Report and form of proxy were distributed and/or made available via the Internet to stockholders on or about June 13, 2014. Stockholders will have the ability to access the proxy materials on a website referred to in the Notice of Internet Availability of Proxy Materials (the “Notice”) or request a printed set of the proxy materials be sent to them, by following the instructions in the Notice.

The proxy card provides instructions on how to inform us to send future proxy materials to you electronically by email. If you choose to receive future proxy materials by email, you will receive an email next year with instructions containing a link to those materials and a link to the proxy voting site. Your election to receive proxy materials by email will remain in effect until you terminate it. ***We encourage you to choose to receive future proxy materials by email. Doing so will allow us to provide you with the information you need in a more timely manner, will save us the cost of printing and mailing documents to you, and will help conserve natural resources.***

In this Proxy Statement:

- “Board” and “Board of Directors” refer to the Board of Directors of Electronic Arts Inc.
- “EA”, “we”, “our” and “the Company” mean Electronic Arts Inc.
- Holding shares in “street name” means your EA shares are held in an account at a bank, brokerage firm or other nominee.
- “Common stock” means EA’s common stock, as described in EA’s current Amended and Restated Certificate of Incorporation.
- “Fiscal 2016”, “fiscal 2015”, “fiscal 2014”, “fiscal 2013”, “fiscal 2012”, “fiscal 2011” and “fiscal 2010” refer to EA’s fiscal years ending or ended (as the case may be) on March 31, 2016, 2015, 2014, 2013, 2012, 2011 and 2010, respectively. For simplicity of disclosure, fiscal periods are referred to as ending on a calendar month end, even though our fiscal year is reported on a 52- or 53-week period that ends on the Saturday nearest March 31. Our results of operations for the fiscal year ended March 31, 2014 contained 52 weeks and ended on March 29, 2014.
- We use “independent auditors” to mean an independent registered public accounting firm.
- “Annual Report” and “2014 Annual Report” mean our Annual Report on Form 10-K for the fiscal year ended March 31, 2014.

In this Proxy Statement, we may make forward-looking statements regarding future events or the future financial performance of the Company. 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 those set forth in the forward-looking statements. Please refer to Electronic Arts’ latest Annual Report for a discussion of important factors that could cause actual events or actual results to differ materially from those discussed in this Proxy Statement. These forward-looking statements speak only as of the date of this Proxy Statement; we assume no obligation to, and do not necessarily intend to, update these forward-looking statements.

PROXY STATEMENT SUMMARY AND HIGHLIGHTS

This summary highlights certain information contained in this Proxy Statement. It does not contain all the information found in this Proxy Statement, and it is qualified in its entirety by the remainder of this Proxy Statement. *You are encouraged to read the entire Proxy Statement carefully before voting.*

FINANCIAL AND OPERATING HIGHLIGHTS

Fiscal 2014 was a year of dramatic changes for the gaming industry and for EA. We saw the launch of Microsoft's Xbox One and Sony's PlayStation 4 "next generation" video game console systems, continued growth in mobile gaming and leadership changes within the Company. In the midst of these changes, we were able to deliver both amazing games and services to our consumers and strong financial results to our stockholders.

We finished fiscal 2014 in a strong position; we were able to exceed our revenue and earnings per share guidance, drive higher gross margins, lower our operating expenses, double our cash provided by operations, and invest in new products and services for the future. In fiscal 2014, our share price increased by 61% and, in May 2014, we implemented a new $750 million share repurchase program as part of our commitment to return value to our shareholders.

- We generated $4.02 billion in non-GAAP net revenue and delivered $1.69 in non-GAAP diluted earnings per share.
- Our digital non-GAAP net revenue increased to approximately $1.8 billion in fiscal 2014.
- Our mobile business delivered approximately $460 million in non-GAAP net revenue in the fiscal year, reaching more than 130 million monthly active users.
- Cash provided by operations for the fiscal year was $712 million.
- We improved our non-GAAP operating profit margins to 18%.

On a GAAP basis in fiscal 2014, we achieved net revenue of $3.6 billion, diluted earnings per share of $0.03, and digital net revenue of $1.8 billion. Our fiscal 2014 GAAP operating income was $33 million, creating GAAP operating profit margins of 1%. Additionally, our mobile business generated $406 million of GAAP net revenue in fiscal 2014. Appendix A to this Proxy Statement includes a reconciliation of the non-GAAP financial measures referenced above to the most directly comparable GAAP financial measures.

EXECUTIVE COMPENSATION HIGHLIGHTS

Advisory Vote

Our Board recommends that stockholders vote to approve, on an advisory basis, the compensation paid to our Named Executive Officers ("NEOs"), as described in this Proxy Statement.

Compensation Principles and Philosophy

The compensation of our NEOs is guided by a compensation philosophy based on three core principles, with each of these principles intended to promote a pay-for-performance approach to executive compensation.

- Principle 1 — Cash Compensation: A significant portion of each NEO's cash compensation should be at risk based on the annual financial and operational performance of the Company and the NEO's business unit, where applicable;
- Principle 2 — Equity Compensation: A significant portion of each NEO's total compensation should be provided in the form of long-term equity to enhance alignment between the interests of our NEOs and our stockholders and to promote long-term retention of a strong leadership team in an industry that is highly competitive for executive talent; and
- Principle 3 — Target Total Direct Compensation: The target total direct compensation package for each NEO should be consistent with market practices for executive talent, and reflect each NEO's individual experience, responsibilities and performance.

Program Design and Best Practices

Our executive compensation programs are designed to align the interests of our NEOs with the interests of our stockholders through incentives tied to the annual financial and strategic objectives of the Company and the creation of long-term value for our stockholders, while also exhibiting strong compensation governance practices. Accordingly, we:

- Incorporate restricted stock units, performance-based restricted stock units and stock options in our equity mix to align the equity compensation realized by our NEOs with the performance of the Company;
- Have stock ownership requirements for all executive officers;
- Maintain a “double-trigger” change-in-control plan (with no tax gross-up);
- Do not have executive employment contracts (other than as required by the local jurisdiction); and
- Regularly solicit feedback from our largest stockholders on our executive compensation programs.

Proxy Statement

BOARD OF DIRECTORS

The following table provides summary information about our current directors, each of whom are nominees.

Name	Principal Occupation	Director Since	Independence	Committee Memberships
Leonard S. Coleman	Former Senior Advisor to Major League Baseball	2001	X	NG, C
Jay C. Hoag	Founding General Partner, Technology Crossover Ventures	2011	X	C (chair)
Jeffrey T. Huber	Senior Vice President, Google Inc.	2009	X	A
Vivek Paul	Private Investor	2005	X	C
Lawrence F. Probst III (Executive Chairman)	Executive Chairman, Electronic Arts	1991		
Richard A. Simonson (Lead Director*)	Executive Vice President, Chief Financial Officer, Sabre Holding Corporation	2006	X	A (chair)
Luis A. Ubiñas	Former President, Ford Foundation	2010	X	NG (chair)
Denise F. Warren	Executive Vice President, The New York Times Company	2013	X	A
Andrew Wilson	Chief Executive Officer, Electronic Arts	2013		

* Elected by independent directors

NG: Nominating and Governance Committee

C: Compensation Committee

A: Audit Committee

Please refer to the information in this Proxy Statement under the heading “PROPOSAL 1: ELECTION OF DIRECTORS.”

CORPORATE GOVERNANCE HIGHLIGHTS

Board Independence

- 7 of 9 directors are independent
- Independent Lead Director
- Standing committees consist solely of independent directors
- Independent directors meet in executive sessions
- Conflict of interest policies

Director Elections

- Directors elected annually by stockholders
- Majority vote standard in uncontested elections

Board Operations

- 8 of 9 directors attended 100% of their Board and standing committee meetings in fiscal year 2014
- Annual Board and committee performance evaluations
- Director stock ownership requirement

Shareholder Rights

- Equal voting rights for all shareholders: one share, one vote
- No poison pill in effect

For more information about our corporate governance practices, please refer to the information in this Proxy Statement under the heading "PROPOSAL 1: ELECTION OF DIRECTORS."

ANNUAL MEETING INFORMATION

Thursday, July 31, 2014
2:00 p.m. (Pacific)

Electronic Arts Headquarters
Redwood City, CA

Voting:

- Stockholders as of the June 9, 2014 record date are entitled to vote.
- You can vote by mail, on the Internet, by phone or in person at the Annual Meeting.
- You do not need to attend the Annual Meeting to vote (if you submitted your proxy in advance of the meeting).

Please refer to the information in this Proxy Statement under the heading "VOTING YOUR SHARES" and "COMMONLY ASKED QUESTIONS AND ANSWERS."

Attending our Annual Meeting:

- *In person:* You may attend in person at
  Building 250*, 209 Redwood Shores Parkway
  Redwood City, CA 94065.

  * *Please note: Building 250 is located on the headquarters' campus at 250 Shoreline Drive*

- *Via webcast*: You may also listen to a live webcast of the Annual Meeting at *http://investor.ea.com*.

Proposals to be voted on:

- Election of 9 directors nominated by the Board of Directors.
- Advisory vote on the compensation of the named executive officers.
- Ratification of the appointment of KPMG LLP as our independent registered public accounting firm for the fiscal year ending March 31, 2015.

The Board recommends voting "FOR" each proposal. *Please refer to the information in this Proxy Statement under the heading "PROPOSALS TO BE VOTED ON."*

VOTING YOUR SHARES

Your vote is important. Whether or not you plan to attend the Annual Meeting, we encourage you to read this Proxy Statement and submit your proxy card or voting instructions as soon as possible. For specific instructions on how to vote your shares, please refer to the instructions on the Notice you received in the mail, the section entitled "Commonly Asked Questions and Answers" set forth below in this Proxy Statement or, if you requested to receive printed proxy materials, your enclosed proxy card.

COMMONLY ASKED QUESTIONS AND ANSWERS

Why am I receiving these materials?

Our Board of Directors has made these materials available to you on the Internet or, upon your request, has delivered printed proxy materials to you in connection with the solicitation of proxies for use at our 2014 Annual Meeting, which will take place on Thursday, July 31, 2014 at 2:00 p.m. local time, at our corporate headquarters in Redwood City, California. This Proxy Statement describes proposals on which you, as a stockholder, are being asked to vote. It also gives you information on these proposals, as well as other information so that you can make an informed decision. As a stockholder, you are invited to attend the Annual Meeting and are requested to vote on the items of business described in this Proxy Statement.

Why did I receive a Notice in the mail regarding the Internet availability of proxy materials instead of a full set of proxy materials?

In accordance with rules adopted by the SEC, we may furnish proxy materials, including this Proxy Statement and our Annual Report, to our stockholders by providing access to such documents on the Internet instead of mailing printed copies. Most stockholders will not receive printed copies of the proxy materials unless they request them. Instead, the Notice, which was mailed to most of our stockholders, provides instructions on how to access and review all of the proxy materials on the Internet. The Notice also describes how you may submit your proxy on the Internet. If you would like to receive a paper or email copy of our proxy materials, you should follow the instructions for requesting such materials in the Notice or you may also contact the Company directly. The Company will provide you without charge, upon request, a paper or email copy of our proxy materials (paper copies will be sent by first class mail). Any such request should be directed as follows: Stock Administration Department, Electronic Arts Inc., 209 Redwood Shores Parkway, Redwood City, CA 94065 — telephone number (650) 628-1500.

Can I vote my shares by filling out and returning the Notice?

No. However, the Notice provides instructions on how to vote on the Internet, by phone, by mail by requesting and returning a paper proxy card, or by submitting a ballot in person at the Annual Meeting.

Who can vote at the Annual Meeting?

Stockholders who owned common stock on June 9, 2014 may attend and vote at the Annual Meeting. If your shares are registered directly in your name with our transfer agent, Wells Fargo Shareowner Services, you are considered, with respect to those shares, the stockholder of record. As the stockholder of record, you have the right to vote in person at the meeting. If your shares are held in a brokerage account or by another nominee or trustee, you are considered the beneficial owner of shares held in street name. As the beneficial owner, you are also invited to attend the meeting. Since a beneficial owner is not the stockholder of record, you may not vote these shares in person at the meeting unless you obtain a "legal proxy" from your broker, nominee, or trustee that holds your shares, giving you the right to vote the shares at the meeting. Each share of common stock is entitled to one vote.

What am I voting on?

We are asking you to:

- Elect Leonard S. Coleman, Jay C. Hoag, Jeffrey T. Huber, Vivek Paul, Lawrence F. Probst III, Richard A. Simonson, Luis A. Ubiñas, Denise F. Warren and Andrew Wilson to the Board of Directors to hold office for a one-year term;

- Cast an advisory vote on the compensation of the Company’s named executive officers; and
- Ratify the appointment of KPMG LLP as the Company’s independent auditors for the fiscal year ending March 31, 2015.

How do I vote my shares if I won’t be able to attend the Annual Meeting in person?

You do not need to attend the Annual Meeting in person in order to vote. You may, instead, vote on the Internet, by telephone or by mail (if you have requested printed proxy materials). By doing so, you are giving a proxy appointing Andrew Wilson (the Company’s Chief Executive Officer), Blake Jorgensen (the Company’s Chief Financial Officer), and Jacob Schatz (the Company’s Senior Vice President, General Counsel and Corporate Secretary) or any of them, each with power of substitution, to vote your shares at the meeting as you have instructed. If a proposal comes up for a vote at the meeting for which you have not indicated an instruction, Mr. Wilson, Mr. Jorgensen and Mr. Schatz, or any one of them, will vote your shares according to their best judgment. Even if you currently plan to attend the meeting, it is a good idea to vote on the Internet, by telephone or, if you received printed proxy materials, to complete and return your proxy card before the meeting date, in case your plans change.

- ***By Internet or Telephone*** — If you have Internet access, you may submit your proxy online by following the instructions provided in the Notice, or you may vote by Internet or telephone by following the instructions provided on your proxy card or voting instruction card.
- ***By Mail*** — If you request printed proxy materials, you may submit your proxy by mail by signing your proxy card or, for shares held in street name, by following the voting instructions included by your broker, trustee or nominee, and mailing it in the enclosed, postage-paid envelope. If you provide specific voting instructions, your shares will be voted as you have instructed.

What does it mean if I receive more than one Notice or proxy card?

It means that you have multiple accounts at the transfer agent or with brokers. Please complete and return all proxy cards, or follow the instructions on each proxy card to vote by telephone or on the Internet, to ensure that all your shares are voted.

What if I change my mind after I give my proxy?

You may revoke your proxy and change your vote at any time before the polls close at the meeting. You may do this by:

- Sending a signed statement to the Company that the proxy is revoked (you may send such a statement to the Company’s Secretary at our corporate headquarters address listed on the Notice of 2014 Annual Meeting of Stockholders);
- Signing another proxy with a later date;
- Voting by telephone or on the Internet at any time prior to 11:59 p.m. Eastern Time on July 30, 2014 (your latest vote is counted); or
- Voting in person at the meeting.

Your proxy will not be revoked if you attend the meeting but do not vote.

Who will count the votes?

A representative of Broadridge Financial Solutions will tabulate the votes and act as the inspector of election.

How many shares must be present to hold the meeting?

To hold the meeting and conduct business, a majority of EA’s outstanding voting shares as of June 9, 2014 must be present or represented by proxies at the meeting. On June 9, 2014, a total of 313,750,216 shares of common stock were outstanding and entitled to vote. Shares representing a majority, or at least 156,875,109 shares, of these votes must be present in person or by proxy. This is called a quorum.

Shares are counted as present at the meeting if:

- They are voted in person at the meeting, or
- The stockholder has voted via the Internet, telephone or a properly submitted proxy card.

How are votes counted?

You may vote "for", "against" or "abstain" on each of the proposals. A share voted "abstain" with respect to any proposal is considered as present and entitled to vote with respect to that proposal, but is not considered a vote cast with respect to that proposal. If you sign and return your proxy without voting instructions, your shares will be voted as recommended by the Board of Directors.

What is the effect of a "broker non-vote" on the proposals to be voted on at the Annual Meeting?

If your shares are not registered in your name and you do not provide your broker, bank or other nominee with voting instructions, your shares may constitute "broker non-votes." Broker non-votes occur on a matter when a broker is not permitted to vote on that matter without instructions from the beneficial owners and instructions are not given. These matters are referred to as "non-routine" matters. All of the matters scheduled to be voted on at the Annual Meeting are "non-routine," except for the proposal to ratify the appointment of KPMG LLP as our independent auditors for fiscal 2015. In tabulating the voting results for any particular proposal, shares that constitute broker non-votes are not considered votes cast on that proposal. Thus, broker non-votes will not affect the outcome of any matter being voted on at the meeting, assuming that a quorum is obtained. If your shares are held of record by a bank, broker, or other nominee, we urge you to give instructions to your bank, broker or other nominee as to how you wish your shares to be voted.

How many votes must the nominees have to be elected as directors?

In an uncontested election, EA's bylaws require each nominee to receive more votes cast "for" than "against" his or her election or re-election in order to be elected or re-elected to the Board of Directors. Since we are not aware of any intention by any stockholder to nominate one or more candidates to compete with the Board of Directors' nominees for election at the Annual Meeting, the 2014 election will be uncontested.

In accordance with our Corporate Governance Guidelines, the Board of Directors expects an incumbent director to tender his or her resignation if he or she fails to receive the required number of votes for election or re-election in an uncontested election. In such an event, the Nominating and Governance Committee will act on an expedited basis to determine whether to accept the director's resignation and will submit such recommendation for prompt consideration by the Board of Directors. The Board of Directors expects the director whose resignation is under consideration to abstain from participating in any decision regarding that resignation. The Nominating and Governance Committee and the Board of Directors may consider any factors they deem relevant in deciding whether to accept and recommend a director's resignation. The Board of Directors will act on the Nominating and Governance Committee's recommendation within 90 days from the date of the certification of election results and will publicly disclose its decision promptly thereafter.

Shares represented by your proxy will be voted by EA's management "for" the election of the nine nominees recommended by EA's Board of Directors unless you vote against any or all of such nominees or you mark your proxy to "abstain" from so voting. Abstentions and broker non-votes will have no effect on the outcome of the director elections.

What happens if one or more of the nominees is unable to stand for election?

The Board of Directors may reduce the number of directors or select a substitute nominee or substitute nominees, as the case may be. In the latter case, if you have completed and returned your proxy card, Mr. Wilson, Mr. Jorgensen, and Mr. Schatz, or any of them, shall have the discretion to vote your shares for a substitute nominee. They cannot vote for more than nine nominees.

How many votes are required to approve each of the other proposals?

The advisory vote on the compensation of the named executive officers and the ratification of independent auditors must receive a "for" vote of a majority of the voting shares present at the meeting in person or by proxy

and voting for or against these proposals. As an advisory vote, the proposal on the compensation of the named executive officers is non-binding. Although the vote is non-binding, the Board of Directors and the Compensation Committee value the opinions of our stockholders, and will consider the outcome of the vote, along with other relevant factors, in evaluating the compensation program for our named executive officers.

How can I listen to the live audio webcast of the Annual Meeting?

You can listen to the live audio webcast of the Annual Meeting by going to the Investor Relations section of our website at *http://investor.ea.com*. An archived copy of the webcast will also be available on our website for one year following the Annual Meeting. Please note that participation in the question and answer portion of the Annual Meeting will be limited to those attending in person.

Where do I find the voting results of the meeting?

We will announce preliminary voting results at the meeting. We will also publish the final results on Form 8-K, which we will file with the SEC within four business days after the Annual Meeting. Once filed, you can request a copy of the Form 8-K by contacting our Investor Relations department at (650) 628-7352 or the SEC at (800) SEC-0330 for the location of its nearest public reference room. You can also get a copy on the Internet at *http://investor.ea.com* or through the SEC's electronic data system called EDGAR at *www.sec.gov*.

Who will pay for this proxy solicitation?

We will bear the costs of soliciting proxies from our stockholders. These costs include preparing, assembling, printing, mailing and distributing the notices, proxy statements, proxy cards and annual reports. If you choose to access the proxy materials and/or vote on the Internet, you are responsible for Internet access charges you may incur. If you choose to vote by telephone, you are responsible for telephone charges you may incur. In addition, some of our officers, directors, employees and other agents may also solicit proxies personally, by telephone and by electronic and regular mail, and we will pay these costs. EA will also reimburse brokerage houses and other custodians for their reasonable out-of-pocket expenses for forwarding proxy and solicitation materials to the beneficial owners of common stock.

Who can I call with any questions about my shares?

If you hold shares in "street name", you may contact your broker. If you are a stockholder of record, you may call our transfer agent, Wells Fargo Shareowner Services, at (800) 468-9716 (or (651) 450-4064 for international callers) or visit their website at *www.wellsfargo.com/shareownerservices*.

PROPOSALS TO BE VOTED ON

PROPOSAL 1: ELECTION OF DIRECTORS

At the Annual Meeting, stockholders will elect nine directors to hold office for a one-year term until the next annual meeting (or until their respective successors are elected and qualified). All nominees have consented to serve a one-year term, if elected.

The Board of Directors has nominated the following directors to stand for re-election:

- Leonard S. Coleman
- Jay C. Hoag
- Jeffrey T. Huber
- Vivek Paul
- Lawrence F. Probst III
- Richard A. Simonson
- Luis A. Ubiñas
- Denise F. Warren

In addition, the Board of Directors has nominated the following director to stand for election for the first time this year:

- Andrew Wilson

Mr. Wilson was appointed to the Board of Directors on September 15, 2013 in connection with his appointment as our Chief Executive Officer ("CEO").

Required Vote and Board of Directors' Recommendation

In accordance with our bylaws, if EA's Corporate Secretary has not received timely and proper notice from a stockholder indicating an intention to nominate one or more candidates to compete with the Board of Directors' nominees in a director election, or if such stockholder has withdrawn all such nominations by the tenth day preceding the date on which we first mail our notice of meeting to stockholders, then the election of directors will be considered "uncontested." The 2014 election will be uncontested. As such, each nominee must receive more votes cast "for" than "against" his or her re-election or election, as the case may be, in order to be re-elected or elected, as the case may be, to the Board of Directors. Shares represented by your proxy will be voted by the proxy holders "for" the election of the nine nominees recommended by EA's Board of Directors unless you vote "against" any or all of such nominees or you mark your proxy to "abstain" from so voting. Abstentions and broker non-votes will have no effect on the outcome of the director elections.

In accordance with our Corporate Governance Guidelines, the Board of Directors expects a director to tender his or her resignation if he or she fails to receive the required number of votes for election or re-election in an uncontested election. The Board of Directors shall nominate for election or re-election as director only candidates who have previously tendered or, in the case of candidates who have not yet become members of the Board of Directors, have agreed to tender promptly following the annual meeting at which they are elected as director, irrevocable resignations that will be effective upon (i) a failure to receive the required majority vote at the next annual or special meeting at which they face re-election in an uncontested election, and (ii) the Board of Directors' acceptance of such resignation. In addition, the Board of Directors shall fill director vacancies and new directorships only with candidates who agree to tender, promptly following their appointment to the Board of Directors, the same form of irrevocable resignation tendered by other directors in accordance with these guidelines.

If an incumbent director fails to receive the required majority vote in an uncontested election, the Nominating and Governance Committee will act on an expedited basis to determine whether to accept the director's resignation and will submit such recommendation for prompt consideration by the Board of Directors. The Board of Directors expects the director whose resignation is under consideration to abstain from participating in any

decision regarding that resignation. The Nominating and Governance Committee and the Board of Directors may consider any factors they deem relevant in deciding whether to accept and/or recommend a director's resignation. The Board of Directors will act on the Nominating and Governance Committee's recommendation within 90 days from the date of the certification of election results and will publicly disclose its decision promptly thereafter.

The Board of Directors recommends a vote FOR each of the nominees.

DIRECTOR BIOGRAPHIES

Each of the following directors has been nominated for re-election or election, as the case may be, at the Annual Meeting. As set forth below, we believe each of these directors brings a valuable and unique perspective to the Board of Directors and has the necessary experience, skills and attributes to serve on the Board of Directors and contribute to its overall effectiveness.

Leonard S. Coleman
Director since 2001
Mr. Coleman, age 65, served as Senior Advisor to Major League Baseball from 1999 until 2005 and, from 2001 to 2002, was the Chairman of ARENACO, a subsidiary of Yankees/Nets. Mr. Coleman was President of The National League of Professional Baseball Clubs from 1994 to 1999, having previously served since 1992 as Executive Director, Market Development of Major League Baseball. Mr. Coleman also serves on the Board of Directors of the following public companies: Aramark Holdings Corp., Avis Budget Group, Churchill Downs Inc. and Omnicom Group Inc. Mr. Coleman also served as a director of H.J. Heinz Corporation during the past five years.

Mr. Coleman brings a wealth of public sector, international and sports industry experience to the Board of Directors from his years of service on the boards of directors for numerous large, public companies and his involvement in diverse public-service organizations, as well as his extensive knowledge of the sports industry. Based on these experiences, qualifications and attributes, the Board of Directors has concluded that Mr. Coleman is qualified to serve as a director.

Jay C. Hoag
Director since 2011
Mr. Hoag, age 56, co-founded Technology Crossover Ventures, a leading provider of growth capital to technology companies, in 1995 and serves as its Founding General Partner. Prior to co-founding Technology Crossover Ventures, Mr. Hoag was a Managing Director at Chancellor Capital Management, where he spent more than 12 years as a technology-focused venture capitalist and fund manager. Mr. Hoag serves on the Board of Directors of Netflix, Inc., TechTarget, Inc. and Zillow Inc. and also serves on the Board of Trustees of Northwestern University and Vanderbilt University, and on the Investment Advisory Board of the University of Michigan. Mr. Hoag also served as a director of The Street, Inc. during the past five years. Mr. Hoag holds a B.A. from Northwestern University and an M.B.A. from the University of Michigan.

As a venture capital investor, Mr. Hoag brings strategic insight and financial experience to the Board of Directors. He has evaluated, invested in and served as a board member on numerous companies, both public and private, and is familiar with a full range of corporate and board functions. His many years of experience in helping companies shape and implement strategy provide the Board of Directors with useful perspectives on matters such as risk management, corporate governance, talent selection and management. Based on these experiences, qualifications and attributes, the Board of Directors has concluded that Mr. Hoag is qualified to serve as a director.

Jeffrey T. Huber
Director since 2009
Mr. Huber, age 46, is Senior Vice President at Google Inc., where he has worked since 2003. From 2001 to 2003, Mr. Huber served as Vice President of Architecture and Systems Development at eBay Inc. Prior to joining eBay, Mr. Huber was Senior Vice President of Engineering at Excite@Home, where he worked from 1996 to 2001.

Earlier in his career, he was a Technology Consultant with McKinsey & Company and founded a software development start-up. Mr. Huber holds a B.S. degree in Computer Engineering from the University of Illinois and a Masters degree from Harvard University.

Mr. Huber has extensive experience operating and managing consumer online companies, including relevant background and experience in large-scale online infrastructure and technology. Based on these experiences, qualifications and attributes, the Board of Directors has concluded that Mr. Huber is qualified to serve as a director.

Vivek Paul
Director since 2005
Mr. Paul, age 55, is a private investor. He founded KineticGlue, an enterprise social media company, in 2008, and the company was sold to BMC Software in 2013. From 2005 to 2008, Mr. Paul was a Partner at TPG (formerly Texas Pacific Group), a private equity investment firm. From 1999 to 2005, Mr. Paul served as Vice Chairman of the Board of Directors of Wipro, Ltd., a provider of integrated business, technology and process solutions, and Chief Executive Officer of Wipro Technologies, Wipro's global information technology, product engineering, and business process services segments. From 1996 to 1999, Mr. Paul was General Manager of the Global CT Business at General Electric's Medical Systems Division. From 1993 to 1995, he served as President and Chief Executive Officer of Wipro GE Medical Systems Limited. Mr. Paul holds a Bachelor of Engineering from the Birla Institute of Technology and Science, and an M.B.A. from the University of Massachusetts, Amherst.

Mr. Paul brings to the Board of Directors his past experience as chief executive officer/general manager of large organizations, as an investor and as an entrepreneur. He has extensive international business knowledge, expertise in organizational leadership, technology, entrepreneurial thinking, as well as financial evaluation of business plans, and risk scenarios. Based on these experiences, qualifications and attributes, the Board of Directors has concluded that Mr. Paul is qualified to serve as a director.

Lawrence F. Probst III
Director since 1991, Chairman since 1994
Mr. Probst, age 64, has been our Executive Chairman since March 18, 2013. He was employed by EA previously from 1984 to September 2008. He has served as Chairman of the Board of Directors since July 1994 and, from May 1991 until April 2007, also served as our Chief Executive Officer. Previously, Mr. Probst served as President from 1991 until 1998. Mr. Probst serves as the Chairman of the Board of Directors of the U.S. Olympic Committee and is a member of the International Olympic Committee. Mr. Probst is also a director of Blackhawk Network Holdings, Inc. Mr. Probst holds a B.S. degree from the University of Delaware.

Mr. Probst served as the Company's Chief Executive Officer for more than 15 years and has served as the Chairman of the Board of Directors for nearly 20 years. Mr. Probst contributes to the Board of Directors his deep understanding of the Company's operational and strategic business goals and direct experience with Company and industry-specific opportunities and challenges. Based on these experiences, qualifications and attributes, the Board of Directors has concluded that Mr. Probst is qualified to serve as a director.

Richard A. Simonson
Director since 2006, Lead Director since 2009
Mr. Simonson, age 55, has served as Executive Vice President and Chief Financial Officer of Sabre Holdings Corporation since March 2013. Previously, Mr. Simonson served as President, Business Operations and Chief Financial Officer of Rearden Commerce from April 2011 through May 2012. From 2001 to 2010, Mr. Simonson held a number of executive positions at Nokia Corporation, including Executive Vice President, Head of Mobile Phones and Sourcing, Chief Financial Officer, and Vice President & Head of Customer Finance of Nokia. Mr. Simonson is also a director of Silver Spring Networks. Mr. Simonson holds a B.S. degree from the Colorado School of Mines and an M.B.A. from Wharton School of Business at the University of Pennsylvania.

Mr. Simonson has extensive financial expertise, corporate governance and risk management experience. He also has extensive experience with the strategic and operational challenges of leading a global company. Based on these experiences, qualifications and attributes, the Board of Directors has concluded that Mr. Simonson is qualified to serve as a director.

Luis A. Ubiñas
Director since 2010
Mr. Ubiñas, age 51, served as President of the Ford Foundation from January 2008 to September 2013. Prior to joining the Ford Foundation, Mr. Ubiñas spent 18 years with McKinsey & Company, where he held various positions, including Managing Director of the firm's west coast media practice working with technology, telecommunications and media companies. Mr. Ubiñas serves on the U.S. Advisory Committee on Trade Policy and Negotiation, the World Bank Advisory Council of Global Foundation Leaders, the Multi-Stakeholder Advisory Group of the President of the United Nations Economic and Social Council, and the boards of the New York Public Library and the Collegiate School for Boys. Mr. Ubiñas also served as a director of Valassis Communications, Inc. during the past five years. He holds a B.A. degree from Harvard College and an M.B.A. from Harvard Business School, and is a fellow of the American Academy of Arts and Sciences and a member of the Council on Foreign Relations.

Mr. Ubiñas has extensive experience in business management and operations from his years of experience overseeing the more than $10 billion in assets and over $500 million in annual giving by the Ford Foundation. In addition, through his prior consulting experience, he has worked with technology, telecommunications and media companies in understanding the challenges and opportunities that they face. Based on these experiences, qualifications and attributes, the Board of Directors has concluded that Mr. Ubiñas is qualified to serve as a director.

Denise F. Warren
Director since 2013
Ms. Warren, age 50, has served as Executive Vice President of Digital Products and Services of The New York Times Company since March 2013. Prior to this role, Ms. Warren served as General Manager of NYTimes.com from December 2008 to March 2013 and as Chief Advertising Officer of The New York Times from June 2005 to March 2013. Ms. Warren holds a B.S. and management degree from Tulane University and an M.B.A. degree in communications and media management from Fordham University.

Ms. Warren has extensive experience in the media, technology and advertising sectors, including overseeing the growth and development of digital products and services to a wide consumer base. Based on these experiences, qualifications and attributes, the Board of Directors has concluded that Ms. Warren is qualified to serve as a director.

Andrew Wilson
Director since 2013
Mr. Wilson, age 39, was named Chief Executive Officer and appointed to the Board of Directors in September 2013. From August 2011 to September 2013, he served as Executive Vice President, EA SPORTS. From March 2010 to August 2011, Mr. Wilson served as Senior Vice President, EA SPORTS. Prior to that, he held the position of Senior Vice President Online from July 2009 to September 2010 and Vice President, EA SPORTS from June 2008 to September 2009. Prior to this, Mr. Wilson held various positions within the Company since joining Electronic Arts in May 2000.

Mr. Wilson has served as the Company's Chief Executive Officer since September 2013. In addition to Mr. Wilson's extensive experience and knowledge of the Company and the industry, we believe it is crucial to have the perspective of the Company's Chief Executive Officer represented on the Board of Directors to provide direct insight into the Company's day-to-day operation and strategic vision. Based on these experiences, qualifications and attributes, the Board of Directors has concluded that Mr. Wilson is qualified to serve as a director.

DIRECTOR INDEPENDENCE

Our Board of Directors has determined that each of our non-employee directors qualifies as an "independent director" as that term is used in the NASDAQ Stock Market Rules. Mr. Probst, our Executive Chairman, and Mr. Wilson, our CEO, do not qualify as independent. The NASDAQ Stock Market Rules have both objective tests and a subjective test for determining who is an "independent director." The objective tests state, for example and among other things, that a director is not considered independent if he or she is an employee of the Company

or at any time during the past three years was employed by the Company. The subjective test states that an independent director must be a person who lacks a relationship that, in the opinion of the Board of Directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. The Board of Directors has not established categorical standards or guidelines to make these subjective determinations, but considers all relevant facts and circumstances.

In addition to the board-level standards for director independence, the directors who serve on the Audit and Compensation Committees each satisfy standards established by the SEC and the NASDAQ Stock Market to qualify as "independent" for the purposes of membership on those committees.

BOARD OF DIRECTORS, BOARD MEETINGS, AND COMMITTEES

The Board of Directors meets on a fixed schedule four times each year and also holds special meetings and acts by written consent. In fiscal 2014, the Board of Directors met six times and also acted by written consent. At each regularly scheduled meeting, the independent members of the Board of Directors meet in executive session separately without management present.

Board of Directors Leadership Structure

Mr. Wilson serves as our CEO and Mr. Probst serves as our Executive Chairman. In addition, a Lead Director, elected by the independent directors, is responsible for chairing executive sessions of the Board of Directors and other meetings of the Board of Directors in the absence of the Chairman of the Board of Directors, serving as a liaison between the Chairman of the Board of Directors and the other independent directors, and overseeing the Board of Directors' stockholder communication policies and procedures (including, under appropriate circumstances, meeting with stockholders). Our Lead Director also may call meetings of the independent directors. Mr. Simonson has served as Lead Director since 2009. Mr. Simonson was chosen by the independent directors of the Board of Directors to serve as Lead Director following the 2014 Annual Meeting for an additional one-year term ending with our 2015 Annual Meeting of Stockholders (the "2015 Annual Meeting"), subject to Mr. Simonson's re-election to the Board of Directors. We believe that our current board leadership structure with Mr. Probst serving as the Chairman of the Board of Directors and Mr. Simonson serving as Lead Director is appropriate for the Company. Given his 30 years of experience with the Company, more than 15 of which he served as CEO, Mr. Probst has invaluable knowledge regarding the Company and gaming industry and is uniquely positioned to lead the Board in its review of management's strategic plans. As Mr. Probst does not qualify as an independent director, the Company feels that it is beneficial for the effective functioning of the Board to have an independent Lead Director undertake the duties identified above.

Board Committees

The Board of Directors currently has three standing committees, each of which operates under a charter approved by the Board of Directors: the Audit Committee, the Compensation Committee, and the Nominating and Governance Committee. The Board of Directors amended and restated the Audit Committee's charter in May 2014, the Compensation Committee's charter in February 2013, and the Nominating and Governance Committee's charter in November 2012. Copies of each Committee's charter may be found in the Investor Relations section of our website at *http://investor.ea.com*. In accordance with the Committee charters, and with current regulatory requirements, all members of these Committees are independent directors. During fiscal 2014, eight of our nine directors standing for re-election attended 100% of all Board of Directors meetings and standing Committee meetings held during the period for which he or she was a member; the remaining director attended 93% of all the Board of Director meetings and Committee meetings held during the period for which he was a member.

The Committee assignments for the current Board year from July 31, 2013 (the date of the most recent Board of Directors election and beginning of the current Board year) through the date of this Proxy Statement were as follows:

Audit Committee:	Richard A. Simonson (Chair), Jeffrey T. Huber, and Denise F. Warren
Compensation Committee:	Jay C. Hoag (Chair), Leonard S. Coleman (from December 10, 2013) and Vivek Paul
Nominating and Governance Committee:	Luis A. Ubiñas (Chair) and Leonard S. Coleman

In addition to the Board's three standing committees described above, on February 26, 2014, the Board of Directors established a temporary special committee comprised of Lawrence F. Probst III and the members of the Audit Committee. The Board delegated to this special committee authority, on behalf of the full Board, to consider and, if acceptable to the special committee, to approve certain Company transactions during the fourth quarter of fiscal 2014 and the first quarter of fiscal 2015 relating to the repatriation of cash held by certain of the Company's foreign subsidiaries and the new share purchase program announced in May 2014.

Audit Committee

The Audit Committee assists the Board of Directors in its oversight of the Company's financial reporting and other matters, and is directly responsible for the appointment, compensation and oversight of our independent auditors. The Audit Committee currently is comprised of three directors, each of whom in the opinion of the Board of Directors meets the independence requirements and the financial literacy standards of the NASDAQ Stock Market Rules, as well as the independence requirements of the SEC. The Board of Directors has determined that Mr. Simonson meets the criteria for an "audit committee financial expert" as set forth in applicable SEC rules. The Audit Committee met eight times in fiscal 2014 and also acted by written consent. For further information about the Audit Committee, please see the "*Report of the Audit Committee of the Board of Directors*" below.

Compensation Committee

The Compensation Committee is responsible for setting the overall compensation strategy for the Company, determining the compensation of the CEO (via recommendation to the Board of Directors), and other executive officers, and overseeing the Company's bonus and equity incentive plans and other benefit plans. The CEO shall not be present during any Committee review or deliberation of CEO compensation. In addition, the Compensation Committee is responsible for reviewing and recommending to the Board of Directors compensation for non-employee directors. The Compensation Committee is currently comprised of three directors, each of whom in the opinion of the Board of Directors meets the independence requirements of the NASDAQ Stock Market Rules and qualifies as an "outside director" within the meaning of Section 162(m) of the Internal Revenue Code, as amended. The Compensation Committee may delegate its authority and duties to subcommittees, individual committee members or management, as it deems appropriate in accordance with applicable laws, rules and regulations.

The Compensation Committee has regularly-scheduled meetings on a quarterly basis and holds additional meetings as needed during the year. The Compensation Committee also takes action by written consent, often after informal telephone discussions and other communications among the Compensation Committee members and members of management. During fiscal 2014, the Compensation Committee met eight times, four of which were regularly-scheduled quarterly meetings and the remainder of which were special sessions, and also acted by written consent.

For its regularly-scheduled meetings, the Compensation Committee maintains a calendar to help guide the meeting agendas and to ensure fulfillment of the various responsibilities outlined in the Compensation Committee's charter. In fiscal 2014, this calendar included a review of the compensation philosophy of the Company, talent and succession planning, a review of the Company's retirement and health and welfare plans, designation of the Company's peer group for compensation purposes, recommendations and decisions on the compensation of executive officers (including base salaries, target cash bonus opportunities, equity awards and annual cash bonus payments), review and approval of director compensation and other administrative matters.

In fiscal 2014, the Compensation Committee held special meetings to consider a variety of items including the terms and conditions of compensation arrangements for executive officers, including our Executive Chairman and our CEO.

The Compensation Committee has the authority to engage the services of outside advisors, after first conducting an independence assessment in accordance with applicable laws, regulations and exchange listing standards. During fiscal 2014, the Compensation Committee engaged Compensia, Inc., a national compensation consulting firm, to assist with the Compensation Committee's analysis and review of the compensation of our executive officers and other aspects of our total compensation strategy. Compensia also advised the Compensation Committee with respect to each element of total direct compensation, including base salary, bonus, and equity

awards for executive officers and senior executives. Compensia attends all Compensation Committee meetings, works directly with the Compensation Committee Chair and Compensation Committee members, and sends all invoices, including descriptions of services rendered, to the Compensation Committee Chair for review and payment. Compensia performed no other services for the Company and no work at the request of our management team during fiscal 2014. The Committee previously reviewed the independence of Compensia and determined that Compensia's engagement did not raise any conflicts of interest. During fiscal 2014, the Compensation Committee also engaged Frederic W. Cook & Co., a national compensation consulting firm, to assist the Compensation Committee with a review of compensation levels for members of the Board of Directors. The Committee reviewed the independence of Frederic W. Cook & Co. and determined that its engagement did not raise any conflicts of interest. Frederic W. Cook & Co. performed no other services for the Company during fiscal 2014.

Nominating and Governance Committee

The Nominating and Governance Committee is responsible for recommending to the Board of Directors nominees for election to the Board of Directors and for appointing directors to Board Committees. The Nominating and Governance Committee also is responsible for reviewing developments in corporate governance, recommending formal governance standards to the Board of Directors, establishing the Board of Directors' criteria for selecting nominees for director and for reviewing from time to time the appropriate skills, characteristics and experience required of the Board of Directors as a whole, as well as its individual members, including such factors as business experience and diversity. In addition, the Nominating and Governance Committee is responsible for reviewing the performance of the CEO and for reviewing and ensuring the quality of the Company's succession plans, including with respect to CEO succession. The Committee manages the process for emergency planning in the event the CEO is unable to fulfill the responsibilities of the role and also periodically evaluates internal and external CEO candidates for succession planning purposes. The Committee also reviews with management diversity, corporate responsibility and sustainability issues affecting the Company.

The Nominating and Governance Committee currently is comprised of two directors, each of whom in the opinion of the Board of Directors meets the independence requirements of the NASDAQ Stock Market Rules. The Nominating and Governance Committee met four times in fiscal 2014.

In evaluating nominees for director to recommend to the Board of Directors, the Nominating and Governance Committee will take into account many factors within the context of the characteristics and needs of the Board of Directors as a whole. While the specific needs of the Board of Directors may change from time to time, all nominees for director are considered on the basis of the following minimum qualifications:

- The highest level of personal and professional ethics and integrity, including a commitment to EA's values;
- Practical wisdom and mature judgment;
- Significant leadership experience in business, entertainment, technology, finance, corporate governance, public interest or other disciplines relevant to EA's long-term success;
- The ability to gain an in-depth understanding of EA's business; and
- A willingness to represent the best interests of all EA stockholders and objectively appraise management's performance.

While there is no formal policy with regard to diversity, when considering candidates as potential members of the Board of Directors, the Nominating and Governance Committee considers the skills, background and experience of each candidate to evaluate his or her ability to contribute diverse perspectives to the Board of Directors. The goal of the Nominating and Governance Committee is to select candidates that have complementary and diverse perspectives, which together contribute to the Board of Directors' effectiveness as a whole. The primary consideration is to identify candidates who will best fulfill the Board of Directors' and the Company's needs at the time of the search. Therefore, the Nominating and Governance Committee does not believe it is appropriate to either nominate or exclude from nomination an individual based on gender, ethnicity, race, age, or similar factors.

In determining whether to recommend a director for re-election, the Nominating and Governance Committee also will consider the director's tenure on the Board of Directors, past attendance at meetings, participation in and contributions to the activities of the Board of Directors, the director's continued independence (including any actual, potential or perceived conflicts of interest), as well as the director's age and changes in his or her principal occupation or professional status. The Nominating and Governance Committee believes that the continuing service of qualified incumbent directors promotes stability and continuity on the Board of Directors, contributing to the Board of Directors' ability to work effectively as a collective body, while providing EA with the benefits of familiarity and insight into EA's affairs that its directors have developed over the course of their service. Accordingly, consistent with past EA practice, the Nominating and Governance Committee will first consider recommending incumbent directors who wish to continue to serve on the Board of Directors for re-election at EA's annual meeting of stockholders.

The Nominating and Governance Committee regularly seeks qualified candidates to serve as directors, particularly in situations where it determines not to recommend an incumbent director for re-election, an incumbent director declines to stand for re-election, or a vacancy arises on the Board of Directors for any reason (including the resignation, retirement, removal, death or disability of an incumbent director or a decision of the directors to expand the size of the Board of Directors). The Nominating and Governance Committee may, in its discretion, use a variety of means to identify and evaluate potential nominees for director. The Nominating and Governance Committee has used, and may continue to use, qualified search firms and also may work with EA's Chief Talent Officer to identify potential nominees meeting the Board of Directors' general membership criteria discussed above. The Nominating and Governance Committee may also consider potential nominees identified by other sources, including current directors, senior management and stockholders. In determining whether to recommend a candidate to the Board of Directors, the Nominating and Governance Committee will consider the current composition of the Board of Directors and capabilities of current directors, as well as any additional qualities or capabilities considered necessary or desirable in light of the existing or anticipated needs of the Board of Directors.

The Nominating and Governance Committee will evaluate candidates proposed by stockholders under criteria similar to the evaluation of other candidates, except that it also may consider as one of the factors in its evaluation, the amount of EA voting stock held by the stockholder and the length of time the stockholder has held such stock. Stockholders wishing to submit candidates for consideration by the Nominating and Governance Committee may do so by writing to EA's Corporate Secretary at Electronic Arts Inc., 209 Redwood Shores Parkway, Redwood City, CA 94065, Attn: Director Nominations. To be considered by the Nominating and Governance Committee in connection with EA's annual meeting of stockholders, recommendations must be submitted in writing to EA's Corporate Secretary not less than 120 calendar days prior to the anniversary of the date on which EA's proxy statement was released to stockholders in connection with the previous year's annual meeting (on or about February 13, 2015, for our 2015 Annual Meeting).

Recommendations should include: (1) the stockholder's name, address and telephone number; (2) the amount and nature of record and/or beneficial ownership of EA securities held by the stockholder; (3) the name, age, business address, educational background, current principal occupation or employment, and principal occupation or employment for the preceding five full fiscal years of the proposed candidate; (4) a description of the qualifications and background of the proposed candidate that addresses the minimum qualifications and other criteria for Board of Directors membership approved by the Board of Directors from time to time and set forth in EA's Corporate Governance Guidelines; (5) the amount and nature of record and/or beneficial ownership of EA securities held by the proposed candidate, if any; (6) a description of all arrangements or understandings between the stockholder and the proposed candidate relating to the proposed candidate's candidacy; (7) a statement as to whether the proposed candidate would be considered an independent director under applicable NASDAQ Stock Market Rules or an audit committee financial expert under applicable SEC rules; (8) the consent of the proposed candidate (a) to be named in the proxy statement relating to EA's annual meeting of stockholders and (b) to serve as a director if elected at such annual meeting; and (9) any other information regarding the proposed candidate that may be required to be included in a proxy statement by applicable SEC rules. The Nominating and Governance Committee may request any additional information reasonably necessary to assist it in assessing a proposed candidate.

Corporate Governance Guidelines

Our Board of Directors has adopted, upon the recommendation of the Nominating and Governance Committee, a formal set of Corporate Governance Guidelines. A complete copy of the Corporate Governance Guidelines is available in the Investor Relations section of our website at *http://investor.ea.com*. Our Corporate Governance Guidelines contain policies relating to:

- Board membership and independence criteria;
- Election of directors;
- Director resignations;
- Executive sessions of independent directors led by a Lead Director;
- Authority to hire outside advisors;
- Director orientation and education;
- Board of Directors and Committee self-evaluations;
- Attendance at annual meetings of stockholders;
- Stock ownership guidelines for our directors and executive officers;
- Stockholder communications with the Board of Directors;
- Director access to management; and
- Board of Directors and Committee roles in CEO evaluation and management of succession planning.

Global Code of Conduct

Our Global Code of Conduct (which includes code of ethics provisions applicable to our directors, principal executive officer, principal financial officer, principal accounting officer, and other senior financial officers) is available in the Investor Relations section of our website at *http://investor.ea.com*. From time to time, we post amendments to our Global Code of Conduct in the Investor Relations section of our website. Copies of our Board committee charters and Global Code of Conduct are available without charge by contacting our Investor Relations department at (650) 628-7352.

The Board of Directors' Oversight of Risk Issues

The full Board of Directors and the Board Committees are responsible for managing different forms of risk. Business risks are reviewed by the full Board of Directors in conjunction with management. The Board of Directors regularly receives management presentations from different areas of the business regarding the opportunities and risks in those areas and engages in dialogue with executive management regarding these issues. Risks related to investments, financial reporting, internal controls and procedures, and compliance issues are reviewed regularly by the Audit Committee, which oversees the financial reporting, global audit and legal compliance functions. The Nominating and Governance Committee reviews issues of director and CEO succession.

Compensation-related risks are reviewed by the Compensation Committee with members of management responsible for structuring the Company's compensation programs. As part of those risk oversight efforts, we evaluated our compensation programs to determine whether the design and operation of our policies and practices could encourage executives or employees to take excessive or inappropriate risks that would be reasonably likely to have a material adverse effect on the Company. In particular, we considered the design, size, and scope of our cash and equity incentive programs and program features that mitigate against potential risks, such as payout caps, equity award clawbacks, the quality and mix of performance-based and "at risk" compensation, and, with regard to our equity incentive programs, the stock ownership requirements applicable to our executives. The Compensation Committee reviewed the results of our evaluation with management and the Committee's consultant, Compensia. The Compensation Committee concluded that our compensation policies and practices strike an appropriate balance of risk and reward in relation to our overall business strategy, and do

not create risks that are reasonably likely to have a material adverse effect on the Company. The "Compensation Discussion and Analysis" section below generally describes the compensation policies and practices applicable to our named executive officers.

Director Attendance at Annual Meetings

Our directors are expected to make every effort to attend our annual meeting of stockholders. Seven of the eight directors who were elected at the 2013 Annual Meeting of Stockholders attended the meeting.

Stockholder Communications with the Board of Directors

EA stockholders may communicate with the Board of Directors as a whole, with a committee of the Board of Directors, or with an individual director by sending a letter to EA's Corporate Secretary at Electronic Arts Inc., 209 Redwood Shores Parkway, Redwood City, CA 94065, or by sending an email to StockholderCommunications@ea.com. All stockholder communications received will be handled in accordance with procedures approved by the independent directors serving on the Board of Directors. For further information regarding the submission of stockholder communications, please visit the Investor Relations section of our website at *http://investor.ea.com*.

DIRECTOR COMPENSATION AND STOCK OWNERSHIP GUIDELINES

Our Compensation Committee is responsible for reviewing and recommending to our Board of Directors the compensation paid to our non-employee directors. Historically, our non-employee directors have been paid a mix of cash and equity compensation for their service as directors. During fiscal 2014, Mr. Wilson, our CEO, did not receive any additional compensation for his service as a director. In addition, Mr. Probst, our Executive Chairman, does not receive cash retainer fees for his service as a member of the Board while performing the role of Executive Chairman. The compensation paid to Mr. Probst and Mr. Wilson for fiscal 2014 is discussed in the *"Fiscal 2014 Summary Compensation Table"* found on page 45 of this Proxy Statement. The table below reflects the annualized components of cash compensation for directors (other than Mr. Probst and Mr. Wilson) that were in place during fiscal 2014 and that will become effective on August 1, 2014. Because our Board year does not correspond to our fiscal year, actual amounts paid during fiscal 2014 were pro-rated based on the annualized figures in the following table. For more information regarding the specific compensation received by each non-employee director during fiscal 2014, see the "Fiscal 2014 Director Compensation Table" table below.

Annualized Components of Non-Employee Director Cash Compensation

Compensation Component	Fiscal 2014	Effective August 1, 2014
Annual Retainer	$50,000	$60,000
Service on the Audit Committee	$10,000	$15,000
Chair of the Audit Committee	$10,000	$15,000
Service on the Compensation Committee	$ 7,500	$12,500
Chair of the Compensation Committee	$ 7,500	$12,500
Service on the Nominating and Governance Committee	$ 7,500	$10,000
Chair of the Nominating and Governance Committee	$ 2,500	$10,000
Chairman of the Board of Directors	$50,000	$50,000
Service as Lead Director	$25,000	$25,000

In addition, during fiscal 2014 individual directors were eligible to earn up to $1,000 per day, with the approval of the Board of Directors, for special assignments, which may include providing oversight to management in such areas as sales, marketing, public relations, technology and finance (provided, however, no independent director is eligible for a special assignment if the assignment or payment for the assignment would prevent the director from being considered independent under applicable NASDAQ Stock Market or SEC rules). No directors earned any compensation for special assignments during fiscal 2014.

Stock Compensation

Non-employee directors are eligible to receive restricted stock units (“RSUs”) upon his or her election, re-election or appointment to the Board of Directors as determined at the discretion of the Board of Directors.

In fiscal 2014, 10,000 RSUs were granted under the Company’s 2000 Equity Incentive Plan to each of our non-employee directors who were re-elected at the 2013 Annual Meeting of Stockholders on July 31, 2013, as well as to Mr. Probst following his re-election as a director at that meeting. These RSUs vest in their entirety on July 31, 2014. Under the 2000 Equity Incentive Plan, non-employee directors may elect to receive all or part of their cash compensation in the form of common stock. As an incentive for our non-employee directors to increase their stock ownership in EA, non-employee directors making such an election receive shares of common stock valued at 110% of the cash compensation they would have otherwise received. Such shares are awarded via the grant and immediate exercise of a stock option having an exercise price equal to the fair market value of our common stock on the date of grant, which is the first trading day of each quarter of the Board year.

In May 2014, the Board of Directors approved a change to the stock compensation granted to directors following election or re-election to the Board. Effective with grants made following the 2014 Annual Meeting and pursuant to the terms of the 2000 Equity Incentive Plan, each of our non-employee directors will be granted an equity award with a grant date fair value of $260,000. This equity award will be comprised of 50% RSUs and 50% stock options, which will vest in their entirety upon the earlier of one year from the date of grant or the date of the 2015 Annual Meeting. For additional information regarding the valuation methodology for stock options and RSUs, see Note 15, “Stock-Based Compensation and Employee Benefit Plans”, to the Consolidated Financial Statements in our 2014 Annual Report.

Other Benefits

Non-employee directors, who are not employed with any other company, are offered an opportunity to purchase certain EA health, dental and vision insurance while serving as a Board of Directors member with the option for the continuation of benefits upon the expiration of their Board of Directors term. Participating directors pay 100% of their own insurance premiums.

Deferred Compensation Plan

We maintain a Deferred Compensation Plan (“DCP”) that allows our directors and certain employees, including our named executive officers, to defer receipt of their director fees or base salary, as the case may be, into cash accounts that mirror the gains and/or losses of several different investment funds, which correspond to the funds we have selected for our 401(k) plan. Director participants may defer up to 100% of their director fees until the date(s) they have specified. We are not required to make any contributions to the DCP and did not do so in fiscal 2014.

Stock Ownership Guidelines

Each non-employee director is required, within three years of becoming a director, to own shares of EA common stock or vested RSUs having a value of at least three years’ annual retainer for service on the Board of Directors. As of March 31, 2014, each of our directors had either fulfilled their ownership requirements or had not yet reached three years of service. Mr. Hoag is currently eligible to satisfy his ownership requirements through holdings of EA stock by Technology Crossover Ventures.

FISCAL 2014 DIRECTOR COMPENSATION TABLE

The following table shows compensation information for each of our directors during fiscal 2014 (other than Mr. Probst and Mr. Wilson).

Name	Fees Earned or Paid in Cash ($)[1]	Stock Awards ($)[2]	Option Awards ($)[3][4]	Total ($)
Leonard S. Coleman	$59,375	$261,200	—	$320,575
Jay C. Hoag	—	$261,200	$ 71,481	$332,681
Jeffrey T. Huber	—	$261,200	$ 65,995	$327,195
Vivek Paul	—	$261,200	$ 63,242	$324,442
Richard A. Simonson	—	$261,200	$101,727	$362,927
Luis A. Ubiñas	$60,000	$261,200	—	$321,200
Denise F. Warren	$60,000	$317,275	—	$377,275
Gregory B. Maffei[5]	$17,500	—	—	$ 17,500

(1) The amounts presented in this column represent compensation that was earned and paid as cash, including cash compensation of $59,375 that was deferred by Mr. Coleman into cash accounts pursuant to the terms of our DCP, described above.

(2) Represents the aggregate grant date fair value of RSUs granted in fiscal 2014. Grant date fair value for RSUs is calculated using the closing price of our common stock on the grant date. For additional information regarding the valuation methodology for RSUs, see Note 15, "Stock-Based Compensation and Employee Benefit Plans", to the Consolidated Financial Statements in our 2014 Annual Report. Each non-employee director standing for re-election at the 2013 Annual Meeting received an RSU grant of 10,000 shares of EA common stock with a grant date fair value of $261,200 based on a closing price of $26.12 for our common stock on the NASDAQ Global Select Market on the date of grant, July 31, 2013. Ms. Warren, who joined our Board of Directors on May 16, 2013, also received a pro-rata RSU grant of 2,500 shares, with a grant date fair value of $56,075, based on a closing price of $22.43 for our common stock on the NASDAQ Global Select Market on the date of grant, June 17, 2013. The RSUs granted on July 31, 2013 vest in their entirety on July 31, 2014. The RSUs granted to Ms. Warren on June 17, 2013 vested in their entirety on July 26, 2013. The aggregate number of unvested RSUs held by each of our non-employee directors as of March 29, 2014 (the last day of fiscal 2014) was as follows: Mr. Coleman, 10,000; Mr. Hoag, 10,000; Mr. Huber, 10,000; Mr. Paul, 10,000; Mr. Simonson, 10,000; Mr. Ubiñas, 10,000; and Ms. Warren, 10,000.

(3) As described above under "Stock Compensation", our non-employee directors may elect to receive all or part of their cash compensation for a given quarter of the Board year in the form of EA common stock. Non-employee directors making such an election receive shares of common stock valued at 110% of the cash compensation they would have otherwise received. Such shares are awarded via the grant and immediate exercise of a stock option having an exercise price equal to the fair market value of our common stock on the date of grant, which is the first trading day of each quarter of the Board year. The only stock options granted to our directors during fiscal 2014 were to those directors electing to receive all or part of their cash compensation in the form of stock, as detailed in footnote 5 below. For additional information on the valuation methodology and assumptions used to calculate the fair value of stock options, see Note 15 "Stock-Based Compensation and Employee Benefit Plans," of the Consolidated Financial Statements in our 2014 Annual Report. The aggregate number of unexercised stock options held by each of our non-employee directors as of March 29, 2014 (the last day of fiscal 2014) was as follows: Mr. Coleman, 55,200; Mr. Huber, 19,600; Mr. Paul, 61,033; and Mr. Simonson, 50,200.

(4) The following table presents the number of shares each director received in lieu of cash as a result of his elections during fiscal 2014 and the grant date fair value of the immediately exercised options:

Name	Grant Date	Exercise Price ($)	Shares Subject to Immediately Exercised Stock Options Grants	Grant Date Fair Value ($)
Jay C. Hoag	5/1/2013	17.30	1,033	17,871
	8/1/2013	26.53	674	17,881
	11/1/2013	25.63	697	17,864
	2/3/2014	26.08	685	17,865
				71,481
Jeffrey T. Huber	5/1/2013	17.30	954	16,504
	8/1/2013	26.53	622	16,502
	11/1/2013	25.63	643	16,480
	2/3/2014	26.08	633	16,509
				65,995
Vivek Paul	5/1/2013	17.30	914	15,812
	8/1/2013	26.53	596	15,812
	11/1/2013	25.63	617	15,814
	2/3/2014	26.08	606	15,804
				63,242
Richard A. Simonson . .	5/1/2013	17.30	1,351	23,372
	8/1/2013	26.53	984	26,106
	11/1/2013	25.63	1,020	26,143
	2/3/2014	26.08	1,001	26,106
				101,727

(5) Mr. Maffei retired from the Board effective July 31, 2013.

Proxy Statement

PROPOSAL 2: ADVISORY VOTE ON THE COMPENSATION OF THE COMPANY'S NAMED EXECUTIVE OFFICERS

In accordance with the SEC's proxy rules (Section 14A of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), we are seeking an advisory, non-binding stockholder vote with respect to the compensation of our named executive officers ("NEOs") for fiscal 2014. This vote, which is undertaken by us annually, is not intended to address any specific item of compensation, but rather the overall compensation of our NEOs and the compensation philosophy, policies and practices, as disclosed in this Proxy Statement.

We have previously submitted advisory say-on-pay proposals for each fiscal year beginning with fiscal 2011 and have received majority stockholder support for the compensation of our NEOs for each of these years. Most recently, at the 2013 Annual Meeting of Stockholders, approximately 92% of the votes cast by stockholders voted in favor of the fiscal 2013 advisory say-on-pay vote. The basic principles and structure of our compensation programs did not change in fiscal 2014.

The core principles of our compensation programs are designed to align our NEOs with the interests of our stockholders through incentives tied to the annual financial and strategic objectives of the Company and the creation of long-term stockholder value. We encourage you to read the "Compensation Discussion and Analysis" at pages 30 through 44 for additional details on our executive compensation programs and the fiscal year 2014 compensation of our NEOs.

We believe our compensation programs and policies for fiscal 2014 were consistent with our core compensation principles, supported by strong compensation governance practices and are worthy of continued stockholder support. Accordingly, we ask for our stockholders to indicate their support for the compensation paid to our NEOs, by voting "FOR" the following resolution at the Annual Meeting:

"RESOLVED, that the Company's stockholders approve, on an advisory basis, the compensation of the named executive officers for fiscal 2014, as disclosed in the Compensation Discussion and Analysis, the compensation tables and the related narrative disclosures in this Proxy Statement."

Although the vote is advisory and non-binding, our Board of Directors and Compensation Committee value the opinions of our stockholders and will consider the outcome of the vote, along with other relevant factors, in evaluating the future compensation of our NEOs.

Advisory Vote and Board of Director's Recommendation

Approval of this proposal requires the affirmative vote of a majority of the voting shares present at the meeting in person or by proxy and voting for or against the proposal.

The Board recommends a vote FOR the approval of the foregoing resolution.

PROPOSAL 3: RATIFICATION OF THE APPOINTMENT OF KPMG LLP, INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

KPMG LLP has audited the financial statements of the Company and its consolidated subsidiaries since fiscal 1987. The Board of Directors, through the Audit Committee, has appointed KPMG LLP as the Company's independent auditors for the fiscal year ending March 31, 2015. The Audit Committee and the Board of Directors believe that KPMG LLP's long-term knowledge of EA and its subsidiaries is valuable to the Company as discussed further below. Representatives of KPMG LLP have direct access to members of the Audit Committee and the Board of Directors. We expect one or more representatives of KPMG LLP to attend the Annual Meeting in order to respond to appropriate questions from stockholders.

Ratification of the appointment of KPMG LLP as our independent auditors is not required by our bylaws or otherwise. The Board of Directors has determined to submit this proposal to the stockholders as a matter of good corporate practice. If the stockholders do not ratify the appointment, the Audit Committee will review its future selection of auditors. Even if the appointment is ratified, the Audit Committee may, in its discretion, direct the appointment of different independent auditors at any time during the year if it determines that such a change would be in the best interests of the Company and the stockholders.

Fees of Independent Auditors

The aggregate fees billed for the last two fiscal years for each of the following categories of services are set forth below:

Description of Fees	Year Ended March 31, 2014	Year Ended March 31, 2013
Audit Fees[1]		
Worldwide audit fee	$4,640,000	$4,737,000
Accounting concurrence and regulatory matters	67,000	50,000
Total Audit Fees	4,707,000	4,787,000
Audit-Related Fees[2]	—	20,000
Tax Fees[3]		
Compliance	505,000	386,000
Acquisition-related due diligence	—	55,000
Total Tax Fees	505,000	441,000
Total All Fees	$5,212,000	$5,248,000

(1) Audit Fees: This category includes the annual audit of the Company's financial statements and internal controls over financial reporting (including quarterly reviews of financial statements included in the Company's quarterly reports on Form 10-Q), and services normally provided by the independent auditors in connection with regulatory filings. This category also includes consultation on matters that arose during, or as a result of the audit or review of financial statements, statutory audits required for our non-US subsidiaries, and services associated with our periodic reports and other documents filed with the SEC and foreign filings, as well as Sarbanes-Oxley Section 404 compliance consultation.

(2) Audit-Related Fees: This category consists of fees for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements and are not reported under "Audit Fees." These services may include employee benefit plan audits, accounting consultations in connection with transactions, and merger and acquisition due diligence. In fiscal 2013, these fees relate to acquisition-related financial due diligence.

(3) Tax Fees: This category includes compliance services rendered for U.S. and foreign tax compliance and returns, and transfer pricing documentation, as well as planning and advice, which consists primarily of technical tax consulting and acquisition-related tax due diligence.

Services Provided by the Independent Auditor

KPMG LLP audits our consolidated operations and provides statutory audits for 36 legal entities within our international corporate structure. Having one audit firm with a strong global presence responsible for these audits

ensures that a coordinated approach is used to address issues that may impact our businesses across multiple geographies and legal entities. Few audit firms have the knowledge of our sector and the capability of servicing our global audit requirements. KPMG LLP has the geographical scope that our operations require and the accounting expertise in the matters relevant to our sector. In addition, KPMG LLP's experience working with the Company gives them the institutional knowledge to understand our operations and processes, which we believe helps them address the relevant issues and improves the quality of the audit.

In appointing KPMG LLP as our independent auditors for fiscal 2015, the Audit Committee and the Board of Directors have considered the performance of KPMG LLP in fiscal 2014, as well as in prior years, and have taken into account the alternative options available to the Company. The Audit Committee and the Board of Directors have determined that it is in the best interest of the Company to continue KPMG LLP's engagement.

We believe the experience and expertise held by the members of the Audit Committee give them the necessary skills to evaluate the relationship between the Company and its independent auditors and to oversee auditor independence. In addition, the Audit Committee is empowered under its charter to obtain advice and assistance from outside legal, accounting and other advisors as it deems appropriate.

At each meeting of the Audit Committee, Company management is provided the opportunity to meet in private session with the Audit Committee to discuss any issues relating to KPMG LLP's engagement. Similarly, KPMG LLP regularly meets in private session with the Audit Committee with no members of Company management present. In addition, Company management and members of the Audit Committee regularly participate in a survey to evaluate KPMG LLP's performance, which is administered by an independent third party. Information collected from this survey is reviewed by a KPMG LLP partner unaffiliated with the Company's engagement to address any issues raised.

Audit Partner Rotation

Our KPMG LLP lead audit partner and concurring audit partner have been working on the Company's audit since the first quarter of fiscal 2011 and the second quarter of fiscal 2010, respectively. Both audit partners may serve a maximum of five years on the Company's audit. Candidates are proposed by KPMG LLP based on their expertise and experience and are vetted by Company management and a recommendation is made to the Audit Committee. The Audit Committee has final approval of the lead audit partner and the concurring audit partner.

Pre-approval Procedures

The Audit Committee is required to pre-approve the engagement of, and has engaged, KPMG LLP to perform audit and other services for the Company and its subsidiaries. The Company's procedures for the pre-approval by the Audit Committee of all services provided by KPMG LLP comply with SEC regulations regarding pre-approval of services. Services subject to these SEC requirements include audit services, audit-related services, tax services and other services. The audit engagement is specifically approved and the auditors are retained by the Audit Committee. In some cases, pre-approval for a particular category or group of services is provided by the Audit Committee for up to a year, subject to a specific budget and to regular management reporting. In other cases, the Chairman of the Audit Committee has the delegated authority from the Audit Committee to pre-approve additional services up to a specified dollar limit, and such pre-approvals are then communicated to the full Audit Committee. The Audit Committee reviews quarterly the status of all pre-approved services to date and approves any new services to be provided.

In determining whether to approve additional non-audit services, the Audit Committee considers the level of non-audit fees incurred to date as a percentage of the total annual fees paid to KPMG LLP. In addition, the Audit Committee considers additional factors to assess the potential impact on auditor independence of KPMG LLP performing such services, including whether the services are permitted under the rules and recommendations of the Public Company Accounting Oversight Board, the American Institute of Certified Public Accountants, and the NASDAQ Stock Market, whether the proposed services are permitted under EA's policies, and whether the proposed services are consistent with the principles of the SEC's auditor independence rules. The Company also annually confirms with each of its directors and executive officers whether there are any relationships that they are aware of with KPMG LLP that may impact the auditor independence evaluation. The Audit Committee considered and determined that fees for services other than audit and audit-related services paid to KPMG LLP in fiscal 2014 are compatible with maintaining KPMG LLP's independence.

Required Vote and Board of Directors' Recommendation

Approval of this proposal requires the affirmative vote of a majority of the voting shares present at the meeting in person or by proxy and voting for or against the proposal.

The Board of Directors recommends a vote FOR the ratification of KPMG LLP as our independent auditors for the fiscal year ending March 31, 2015.

REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

The following Report of the Audit Committee shall not be deemed to be "soliciting material" or to be "filed" with the Securities and Exchange Commission nor shall this information be incorporated by reference into any future filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended except to the extent that EA specifically incorporates it by reference into a filing.

The Audit Committee of the Board of Directors operates under a written charter, which was most recently amended in May 2014. The Audit Committee is currently comprised of three non-employee directors, each of whom in the opinion of the Board of Directors meets the current independence requirements and financial literacy standards of the NASDAQ Stock Market Rules, as well as the independence requirements of the Securities and Exchange Commission. From the beginning of fiscal 2014 to May 15, 2013, the Audit Committee consisted of Gregory B. Maffei, Jeffrey T. Huber and Luis A. Ubiñas. Since May 16, 2013, the Audit Committee has been comprised of Richard A. Simonson, Jeffrey T. Huber, Gregory B. Maffei (until Mr. Maffei's retirement from the Board on July 31, 2013) and Denise F. Warren. The Board of Directors has determined that Mr. Simonson meets the criteria for an "audit committee financial expert" as set forth in applicable SEC rules, as well as the above-mentioned independence requirements.

The Company's management is primarily responsible for the preparation, presentation and integrity of the Company's financial statements. EA's independent registered public accounting firm, KPMG LLP ("independent auditors"), is responsible for performing an independent audit of the Company's (i) financial statements and expressing an opinion as to the conformity of the financial statements with U.S. generally accepted accounting principles, and (ii) internal control over financial reporting in accordance with the auditing standards of the Public Company Accounting Oversight Board (the "PCAOB") and issuing a report thereon.

The function of the Audit Committee is to assist the Board of Directors in its oversight responsibilities relating to the integrity of EA's accounting policies, internal controls and financial reporting. The Audit Committee reviews EA's quarterly and annual financial statements prior to public earnings releases and submission to the SEC; reviews and evaluates the performance of EA's internal audit function; reviews and evaluates the performance of EA's independent auditors; consults with the independent auditors and EA's internal audit function regarding internal controls and the integrity of the Company's financial statements; assesses the independence of the independent auditors; and is responsible for the selection of the independent auditors. In this context, the Audit Committee has met and held discussions with members of management, EA's internal audit function and the independent auditors. Company management has represented to the Audit Committee that the Company's consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States, and the Audit Committee has reviewed and discussed the consolidated financial statements with management and the independent auditors. Company management also has represented to the Audit Committee that the Company's internal control over financial reporting was effective as of the end of the Company's most recently-completed fiscal year, and the Audit Committee has reviewed and discussed the Company's internal control over financial reporting with management and the independent auditors. The Audit Committee also discussed with the independent auditors matters required to be discussed by PCAOB Auditing Standard No. 16, *Communications with Audit Committees*, including the quality and acceptability of the Company's financial reporting process and internal controls. The Audit Committee also has discussed with the Company's independent auditors the overall scope and plans for their annual audit and reviewed the results of that audit with management and the independent auditors.

In addition, the Audit Committee has discussed with the independent auditors the auditors' independence from the Company and its management, including the matters in the written disclosures required by the Public Company Accounting Oversight Board. The Audit Committee also has considered whether the provision of any non-audit services (as described above under "Proposal 3: Ratification of the Appointment of KPMG LLP, Independent Registered Public Accounting Firm" — "Fees of Independent Auditors") and the employment of former KPMG LLP employees by the Company are compatible with maintaining the independence of KPMG LLP.

The members of the Audit Committee are not engaged in the practice of auditing or accounting. In performing its functions, the Audit Committee necessarily relies on the work and assurances of the Company's management and independent auditors.

In reliance on the reviews and discussions referred to in this report and in light of its role and responsibilities, the Audit Committee recommended to the Board of Directors that the audited consolidated balance sheets of the Company as of each of the last two years ended March 31, 2014 and the audited consolidated statements of operations, comprehensive income (loss), stockholders' equity, and cash flows of the Company for each of the last three years ended March 31, 2014 be included for filing with the SEC in the Company's 2014 Annual Report. The Audit Committee has also approved the selection of KPMG LLP as the Company's independent auditors for fiscal 2015.

AUDIT COMMITTEE

Richard A. Simonson (Chairman)

Jeffrey T. Huber

Denise F. Warren

PRINCIPAL STOCKHOLDERS

The following table shows, as of May 22, 2014, the number of shares of our common stock owned by our directors, executive officers named in the "Fiscal 2014 Summary Compensation Table" below, our current directors and executive officers as a group, and beneficial owners known to us holding more than 5% of our common stock. As of May 22, 2014, there were 314,267,436 shares of our common stock outstanding. Except as otherwise indicated, the address for each of our directors and executive officers is c/o Electronic Arts Inc., 209 Redwood Shores Parkway, Redwood City, CA 94065.

Stockholder Name	Shares Owned[(1)]	Right to Acquire[(2)]	Percent of Outstanding Shares[(3)]
Fidelity Management & Research Co.[(4)]	39,044,457	—	12.4
The Vanguard Group, Inc.[(5)]	22,272,638	—	7.1
PRIMECAP Management Co.[(6)]	16,651,587	—	5.3
American Century Investment Management, Inc.[(7)]	15,953,749	—	5.1
Jay C. Hoag[(8)]	9,948,451	—	3.2
Lawrence F. Probst III[(9)]	718,071	541,100	*
Frank D. Gibeau	198,313	340,000	*
Peter Moore	184,465	350,000	*
Andrew Wilson	124,240	—	*
Blake Jorgensen	56,866	—	*
Patrick Söderlund	52,500	140,000	*
Jeffrey T. Huber	51,128	19,600	*
Vivek Paul	23,966	95,333	*
Richard A. Simonson	18,950	84,500	*
Leonard S. Coleman	12,096	87,600	*
Denise Warren	2,500	—	*
Luis A. Ubiñas	—	27,500	*
All executive officers and directors as a group (18) persons[(10)]	11,885,787	1,721,133	4.3

* Less than 1%

(1) Unless otherwise indicated in the footnotes, includes shares for which the named person has sole or shared voting and investment power. Excludes shares that may be acquired through stock option exercises.

(2) Includes (a) shares of common stock that may be acquired through stock option exercises within 60 days of May 22, 2014, (b) in the case of each of Messrs. Paul and Simonson, reflects 34,300 RSUs that have vested but have been deferred, (c) in the case of Mr. Coleman, reflects 32,400 RSUs that have vested but have been deferred, and (d) in the case of Mr. Ubiñas, reflects 27,500 RSUs that have vested but have been deferred.

(3) Calculated based on the total number of shares owned plus the number of shares that may be acquired through stock option exercises and the release of vested RSUs within 60 days of May 22, 2014.

(4) As of March 31, 2014, based on information contained in a report on Form 13F filed with the SEC on May 15, 2014 by FMR LLC. The address for Fidelity Management & Research Company is 245 Summer Street, Boston, MA 02210.

(5) As of March 31, 2014, based on information contained in a report on Form 13F filed with the SEC on May 13, 2014 by Vanguard Group Inc. The address for Vanguard Group Inc. is PO Box 2600, V26, Valley Forge, PA 19482.

(6) As of March 31, 2014, based on information contained in a report on Form 13F filed with the SEC on May 14, 2014 by Primecap Management Company. The address for Primecap Management Company is 225 South Lake Ave, Suite 400, Pasadena, CA 91101.

(7) As of March 31, 2014, based on information contained in a report on Form 13F filed with the SEC on May 5, 2014 by American Century Companies Inc. The address for American Century Investment Management Inc. is 4500 Main Street, Kansas City, MO 64111.

(8) Represents 9,948,451 shares of common stock held by entities affiliated with Technology Crossover Ventures as follows: (i) 622 shares of common stock directly held by Jay C. Hoag but which TCV Management 2004, L.L.C. ("TCV Management 2004"), TCV VI Management, L.L.C. ("TCV VI Management") and TCV VII Management, L.L.C. ("TCV VII Management", and together with TCV Management 2004 and TCV VI Management, the "Management Companies") collectively own 100% of the pecuniary interest therein, (ii) 4,782 shares of common stock held by TCV Management 2004, (iii) 4,782 shares of common stock held by TCV VI Management, (iv) 15,990 shares of common stock held by TCV VII Management, (v) 1,708,390 shares of common stock held by TCV V, L.P., (vi) 1,728,033 shares of common stock held by TCV VI, L.P., (vii) 4,214,288 shares of common stock held by TCV VII, L.P., (viii) 2,188,581 shares of common stock held by TCV VII (A), L.P., and (ix) 82,983 shares of common stock held by TCV Member Fund, L.P. (together with TCV V, L.P., TCV VI, L.P., TCV VII, L.P. and TCV VII (A), L.P., the "TCV Funds"). Jay C. Hoag, a director of the Company, is a member of each of the Management Companies but disclaims beneficial ownership of the shares held or beneficially owned by such entities except to the extent of his pecuniary interest therein. In addition, Mr. Hoag may be deemed to beneficially own the shares held by the TCV Funds. The TCV Funds are organized as "blind pool" partnerships in which the limited partners (or equivalents) have no discretion over investment or sale decisions, are not able to withdraw from the TCV Funds except under exceptional circumstances, and generally participate ratably in each investment made by the TCV Funds. Technology Crossover Management V, L.L.C. ("TCM V") is the sole general partner of TCV V, L.P. and a general partner of TCV Member Fund, L.P. Technology Crossover Management VI, L.L.C. ("TCM VI") is the sole general partner of TCV VI, L.P. and a general partner of TCV Member Fund, L.P. Technology Crossover Management VII, Ltd. ("Management VII") is a general partner of TCV Member Fund, L.P. and the sole general partner of Technology Crossover Management VII, L.P. ("TCM VII"), which is the sole general partner of each of TCV VII, L.P. and TCV VII (A), L.P. Mr. Hoag is a Class A Member of TCM V, which is the sole general partner of TCV V, L.P. Together with three other individual Class A Members, Mr. Hoag shares voting and dispositive power with respect to the shares beneficially owned by TCV V, L.P. Mr. Hoag, TCM V and the Class A Members disclaim beneficial ownership of any shares held by TCV V, L.P. except to the extent of their respective pecuniary interests therein. Mr. Hoag is a Class A Member of TCM VI, which is the sole general partner of TCV VI, L.P. Together with four other individual Class A Members, Mr. Hoag shares voting and dispositive power with respect to the shares beneficially owned by TCV VI, L.P. Mr. Hoag, TCM VI and the Class A Members disclaim beneficial ownership of any shares held by TCV VI, L.P. except to the extent of their respective pecuniary interests therein. Mr. Hoag is a Class A Director of Management VII and a limited partner of TCM VII. Management VII is the sole general partner of TCM VII, which is the sole general partner of TCV VII, L.P. and TCV VII (A), L.P. Together with eight other individual Class A Directors, Mr. Hoag shares voting and dispositive power with respect to the shares beneficially owned by TCV VII, L.P. and TCV VII (A), L.P. Mr. Hoag, Management VII, TCM VII and the Class A Members disclaim beneficial ownership of any shares held by TCV VII, L.P. and TCV VII (A), L.P. except to the extent of their respective pecuniary interests therein. Mr. Hoag is a limited partner of TCV Member Fund, L.P., a Class A Member of TCM V and TCM VI, and a Class A Director of Management VII. Each of TCM V, TCM VI, and Management VII is a general partner of TCV Member Fund, L.P. Mr. Hoag may be deemed to beneficially own the shares held by TCV Member Fund, L.P. but disclaims beneficial ownership of such shares except to the extent of his pecuniary interest therein. Each of Mr. Hoag, TCM V, TCM VI, Management VII and TCM VII disclaim beneficial ownership of the shares held by the TCV Funds except to the extent of his/its pecuniary interest therein. The address for each of Mr. Hoag, the Management Companies and the TCV Funds is c/o Technology Crossover Ventures, 528 Ramona Street, Palo Alto, CA 94301.

(9) Includes 73,238 shares of common stock held by Mr. Probst's grantor's retained annuity trust, in which 29,295 shares are held in trust for Lawrence F. Probst IV and 43,943 shares are held in trust for Scott Probst; 16,669 shares of common stock are held by Mr. Probst's spouse; and 469,713 shares of common stock are held by the Probst Family LP, of which Mr. Probst is a partner.

(10) Includes all executive officers and directors of EA as of May 22, 2014.

COMPENSATION DISCUSSION AND ANALYSIS

This Compensation Discussion and Analysis describes the fiscal 2014 compensation paid to our named executive officers ("NEOs"), the compensation decisions made by our Compensation Committee (the "Committee"), and the financial, strategic, and operational performance factors that guided those decisions. Our NEOs for fiscal 2014 were:

- Lawrence F. Probst III, Executive Chairman;
- Andrew Wilson, Chief Executive Officer;
- Blake Jorgensen, Executive Vice President, Chief Financial Officer;
- Frank D. Gibeau, Executive Vice President, EA Mobile;
- Peter Moore, Executive Vice President, Chief Operating Officer; and
- Patrick Söderlund, Executive Vice President, EA Studios.

FISCAL 2014 SUMMARY

Fiscal 2014 was a year of dramatic changes for the gaming industry and for EA. We saw the launch of Microsoft's Xbox One and Sony's PlayStation 4 "next generation" video game console systems, continued growth in mobile gaming and leadership changes within the Company. In the midst of these changes, we were able to deliver both amazing games and services to our consumers and strong financial results to our stockholders.

EA established an early lead on the next generation consoles and maintained that leadership position in 2014 with 40% segment share across North America and Europe. We accomplished these results while at the same time reducing operating expenses through disciplined cost management. We finished fiscal 2014 in a strong position; we were able to exceed our revenue and earnings per share guidance, drive higher gross margins, lower our operating expenses, double our cash provided by operations, and invest in new products and services for the future. In fiscal 2014, our share price increased by 61%, and, in May 2014, we implemented a new $750 million share repurchase program as part of our commitment to return value to our shareholders.

Financial and Operating Highlights:

- We generated $4.02 billion in non-GAAP net revenue and delivered $1.69 in non-GAAP diluted earnings per share.
- Our digital non-GAAP net revenue increased to approximately $1.8 billion in fiscal 2014.
- Our mobile business delivered approximately $460 million in non-GAAP net revenue in the fiscal year, reaching more than 130 million monthly active users.
- Cash provided by operations for the fiscal year was $712 million.
- We improved our non-GAAP operating profit margins to 18%.

On a GAAP basis in fiscal 2014, we achieved net revenue of $3.6 billion, diluted earnings per share of $0.03, and digital net revenue of $1.8 billion. Our fiscal 2014 GAAP operating income was $33 million, creating GAAP operating profit margins of 1%. Additionally, our mobile business generated $406 million of GAAP net revenue in fiscal 2014. Appendix A to this Proxy Statement includes a reconciliation of the non-GAAP financial measures referenced above to the most directly comparable GAAP financial measures.

Executive Leadership Changes

In the first two quarters of fiscal 2014, our Executive Chairman, Lawrence Probst III, served as the Company's principal executive officer, while we conducted an extensive internal and external search for a new CEO. In

September 2013, the Board appointed Andrew Wilson, then Executive Vice President, EA SPORTS, as our new CEO. Once appointed, Mr. Wilson reorganized the internal divisions of the Company to better align with his vision for the Company's future. As a result, the roles and responsibilities of many of our senior executives, including two NEOs, changed during the year. Mr. Söderlund assumed responsibility for our EA Studios organization, while Mr. Gibeau assumed responsibility for our EA Mobile organization.

The financial performance, operational achievements and other fiscal year events summarized above, provide context for the compensation decisions made by the Committee and Board in fiscal 2014, as explained in greater detail in the sections that follow.

COMPENSATION PRINCIPLES AND STRUCTURE

The design of our compensation programs is guided by a compensation philosophy based on three core principles, with each of these principles intended to promote a pay-for-performance approach to executive compensation:

- Principle 1 — Cash Compensation: A significant portion of each NEO's cash compensation should be at risk based on the annual financial and operational performance of the Company and the NEO's business unit, where applicable;
- Principle 2 — Equity Compensation: A significant portion of each NEO's total compensation should be provided in the form of long-term equity to enhance alignment between the interests of our NEOs and our stockholders and to promote long-term retention of a strong leadership team in an industry that is highly competitive for executive talent; and
- Principle 3 —Target Total Direct Compensation: The target total direct compensation package for each NEO should be consistent with market practices for executive talent, and reflect each NEO's individual experience, responsibilities and performance.

Approximately 92% of the votes cast by stockholders at the 2013 Annual Meeting of Stockholders voted in favor of our annual advisory say-on-pay vote. The Committee solicits feedback from our largest stockholders throughout the fiscal year, and considers the results of advisory votes, as well as our compensation philosophy, principles and business needs in evaluating and setting our executive compensation programs. The basic principles and structure of our compensation programs did not change in fiscal 2014.

We believe compensation programs reflecting these considerations focus our executives on the profitability and growth of the Company and align them with the long-term interests of the Company's stockholders, while also recognizing the dynamic and highly competitive nature of our business. Our compensation principles are demonstrated in the Company's fiscal 2014 compensation programs as follows:

Principle 1 — Cash Compensation: The cash compensation of each NEO consists of a market competitive base salary and the opportunity to earn an annual cash bonus, expressed as a percentage of base salary. Typically, our Committee reviews cash compensation on an annual basis for each NEO. The base salary and bonus target percentage are set based on an individual assessment of various factors, including, but not limited to: individual performance, Company performance, market rates for each role and internal parity. In aggregate, cash bonuses represent approximately one-half of our NEOs' targeted cash compensation, and serve to put a significant portion of their cash compensation at risk.

In fiscal 2014, we met our non-GAAP net revenue target of $4,005 million and exceeded our non-GAAP diluted earnings per share target of $1.30, with non-GAAP net revenue at 100% and non-GAAP earnings per share at 130% of their respective targets. As a result, the Committee approved funding of an overall Company bonus pool at 115% of aggregate employee target bonuses. The Committee considered the percentage of funding for the overall Company bonus pool, as well as an overall assessment of individual achievements when determining NEO bonus award payouts.

FISCAL 2014 BONUS SUMMARY FOR NAMED EXECUTIVE OFFICERS

	Base Salary Earned in Fiscal 2014	Target Annual Bonus Award	Annual Bonus Award	Annual Bonus as a % of Target Bonus Award
Mr. Probst	$764,577	N / A	—	—
Mr. Wilson	$674,038	$803,125	$780,474	97%
Mr. Jorgensen	$666,154	$666,667	$840,000	126%
Mr. Gibeau	$722,115	$722,500	$680,000	94%
Mr. Moore	$646,154	$646,667	$685,000	106%
Mr. Söderlund	$634,518	$542,402	$725,000	134%

Individual NEO cash compensation details, including the specific factors considered by the Committee in determining each NEO bonus award, are described in the "Individual NEO Compensation" section below.

Principle 2 — Equity Compensation: Approximately 81% of the aggregate compensation of our NEOs for fiscal 2014 was provided in the form of equity through annual equity awards, a retention equity award, and a CEO stock option award.

Annual Equity Awards

In fiscal 2014, the Committee approved an annual equity award ("Annual Award") for each of our NEOs, with the exception of Mr. Probst. Annual Awards were targeted to be comprised of 50% performance-based restricted stock units ("PRSUs") with vesting tied to the Company's total stockholder return ("TSR") over 1 year, 2 year and 3 year measurement periods, and 50% time-based restricted stock units ("RSUs") with a three-year pro rata vesting schedule. We granted a mix of PRSUs and RSUs to our NEOs to balance pay-for-performance and retention considerations. The number of PRSUs and RSUs awarded to each NEO was determined based upon an individual assessment of various factors including, but not limited to: role within the Company, individual performance, the value of unvested equity, the grant date value of the award, competitive market practices, and internal compensation alignment among our executive officers.

The following table shows the Annual Awards granted to our NEOs in fiscal 2014 as reported in the *"Fiscal 2014 Summary Compensation Table."*

FISCAL 2014 ANNUAL EQUITY AWARDS FOR NAMED EXECUTIVE OFFICERS

	Target PRSUs	RSUs	Annual Equity Award Value at Grant[1]	Annual Equity Award Accounting Value[2]
Mr. Probst[3]	—	—	—	—
Mr. Wilson	75,000	75,000	$3,364,500	$3,896,250
Mr. Jorgensen	65,000	65,000	$2,915,900	$3,376,750
Mr. Gibeau	100,000	100,000	$4,486,000	$5,195,000
Mr. Moore	65,000	65,000	$2,915,900	$3,376,750
Mr. Söderlund	75,000	75,000	$3,364,500	$3,896,250

(1) "Value at Grant" reflects the number of RSUs and target PRSUs granted multiplied by the closing price of our common stock on the grant date.

(2) "Accounting Value" reflects the grant date fair value of the RSUs and PRSUs for accounting purposes.

(3) Mr. Probst was granted 10,000 RSUs on July 31, 2013 with an Accounting Value of $261,200 for his services as a Director for the 2013-2014 Board year.

For fiscal 2015, the Company will change the composition of the Annual Awards granted to our NEOs. Annual Awards will consist of three components: (a) 50% of the Annual Award will be granted as RSUs, (b) 25% of the Annual Award will be granted as PRSUs, and (c) the remaining 25% of the Annual Award will be granted in the

form of stock options. Stock options were added to the Annual Award mix because the Committee views stock options as performance-based equity that focuses recipients on the Company's long-term stock price growth, which complements the retentive value of time-based RSU awards and the relative stock price performance rewards of our PRSUs.

Retention Equity Awards

From time to time, we grant supplemental equity awards to encourage retention of key executives, especially during periods of transition for the Company or when faced with significant recruiting pressure from other companies with which we compete for talent. In February 2014, the Committee granted 225,000 time-based RSUs to Mr. Jorgensen in recognition of his key role in driving a reduction in our operating expenses and improving operating margins and cash provided by operations for the Company; this award was also intended to support the longer term retention of Mr. Jorgensen during a time of leadership and console transition for the Company. These RSUs will vest as to 100% of the shares on the third anniversary of the grant date. The size and vesting schedule of this award is consistent with awards we have previously granted to other key leaders.

CEO Stock Option Award

On October 31, 2013, in connection with his appointment as CEO, Mr. Wilson was granted a non-qualified option to purchase 1,000,000 shares of common stock. The Board granted stock options to Mr. Wilson to provide an equity incentive focused on absolute long-term stock price growth and to enhance the balance between retention and relative stock price performance goals of our time- and performance-based RSU programs. In determining the size of the award, the Board, in consultation with Compensia, the independent consulting firm retained by the Committee, considered market data for existing CEOs, new CEOs who were promoted from within a company, and Mr. Wilson's current unvested equity holdings from prior PRSU and RSU grants.

Executive Chairman Equity Award

On May 30, 2014, upon the recommendation of the Committee and in recognition for his service to the Company as Executive Chairman during fiscal 2014, the Board (with Mr. Probst abstaining) awarded Mr. Probst a one-time equity award with a maximum aggregate grant date value of $1,532,447 ("Award Value") in accordance with our 2000 Equity Incentive Plan. The award shall be granted on June 16, 2014 and will consist of two components: (a) RSUs with a maximum grant date fair value equal to 50% of the Award Value; and (b) non-qualified stock options to purchase shares of common stock with a maximum grant date fair value equal to 50% of the Award Value. The RSUs will vest, and the options will vest and first become exercisable, on the 12-month anniversary of the grant date.

In determining the Award Value, the Board considered: (i) Mr. Probst's performance as Executive Chairman during fiscal 2014, including his role in the Company's executive leadership transition, (ii) 150% of Mr. Probst's fiscal 2014 salary, and (iii) the funding approved by the Committee for the fiscal 2014 Company-wide employee bonus pool based on the Company's financial performance.

Principle 3 — Target Total Direct Compensation: We awarded total direct compensation to our NEOs for fiscal 2014 consistent with market practices, based on each NEO's role at the time the decision was made, his experience and performance. Total direct compensation has three components: base salary, annual cash bonus, and equity awards. When setting the fiscal 2014 base salaries and target bonus opportunities for our NEOs, the Committee references the 50th to 75th percentiles of the market range of comparable companies, and for our annual equity awards, we reference the 75th percentile. While we consider each component with respect to this data, the actual base salary, bonus, and equity compensation awarded to an NEO may be above or below these levels and is determined based on the Company's financial performance, the financial and operating performance of each NEO's business unit (if applicable), individual performance, market trends, and other factors unique to each individual.

The Committee also considers the aggregate value of all three total direct compensation components, and references the 50th to 75th percentiles of the market for total direct compensation. When necessary for retention, succession planning, or recognition of outstanding performance, the Committee may approve exceptional compensation programs for select key executives that could result in target total direct compensation above our referenced range.

THE COMMITTEE'S PROCESS FOR DETERMINING AND REVIEWING NEO COMPENSATION

For fiscal 2014, the Committee reviewed and approved the total direct compensation of each of our NEOs (other than the Executive Chairman and CEO) in consultation with members of Company management, including our CEO and our Chief Talent Officer, and Compensia. The compensation of the Executive Chairman and CEO were approved by the Board, also in consultation with Compensia.

TIMELINE OF FISCAL 2014 COMPENSATION DECISIONS

		Committee	Board of Directors
November 2012	Selection of peer group for fiscal 2014 compensation benchmarking	Approved	Not Applicable
February 2013	Fiscal 2014 compensation benchmarking	Reviewed	Not Applicable
May 2013	Executive officer fiscal 2014 salaries, target bonuses and annual equity awards	Approved	Not Applicable
July 2013	Annual Director RSU award for Executive Chairman	Recommended	Approved
September 2013	CEO compensation; Executive Chairman compensation adjustment	Recommended	Approved
November 2013	Executive officer compensation review and adjustment	Approved	Not Applicable
May 2014	Executive officer bonus awards for fiscal 2014	Approved	Not Applicable
May 2014	CEO bonus award for fiscal 2014	Recommended	Approved

Selection of Peer Group

To assess market compensation practices, each year the Committee selects a group of comparable companies ("peer group") to use as a reference for compensation decisions. We compete for talent across various industries; as a result, our peer group comprises companies across related industries, with comparable revenue, market capitalization, geographic markets, financial performance and expected growth rates. In the third quarter of fiscal 2013 (November 2012), the Committee selected the following peer group to use as a reference for fiscal 2014 compensation decisions.

FISCAL 2014 PEER GROUP

Videogame
- Activision Blizzard
- Zynga

Technology/Internet
- Adobe Systems
- Autodesk
- Expedia
- IAC/Interactive Corp.
- Intuit
- LinkedIn Corporation
- Priceline
- Salesforce.com
- Symantec
- Yahoo!

Entertainment
- AMC Networks Inc.
- Discovery Communications
- Lions Gate Entertainment

Toys/Games
- Hasbro
- Mattel

The Board, with the assistance of Compensia, also considered other relevant market data outside of our peer group in connection with determining the equity compensation to be awarded to Mr. Wilson when he assumed the role of CEO, specifically referencing data from other high technology companies within the S&P 500 that reported internal CEO promotions in recent years.

In the third quarter of fiscal 2014 (November 2013), the Committee assessed this peer group for use in benchmarking fiscal 2015 compensation decisions and determined that it was still an appropriate representation of comparable companies, and did not make any changes.

Compensation Benchmarking

In February 2013, Compensia conducted a comprehensive analysis of our executive compensation programs using publicly available compensation information on our peer group and data from the Radford Global Technology Survey. The analysis included a comparison of the base salary, bonus target, total cash, long-term incentives and total compensation of each of our senior vice-president level positions and above against similar positions in our peer group. Each compensation element was evaluated against peer group compensation at multiple percentile levels. Where sufficient market data for our peer group was not available, Compensia used data from a broader group of similarly sized technology companies. Compensia provided the Committee with its findings in February 2013 to be used as a reference for making compensation decisions for fiscal 2014.

Determining NEOs' Fiscal 2014 Salaries, Target Bonuses, and Equity Grant Recommendations

In May 2013, the Committee reviewed and approved base salary, target cash bonus and Annual Award recommendations for fiscal 2014 for each of our NEOs, other than our Executive Chairman and CEO, taking into consideration the following, as applicable:

- The Company's compensation philosophy and principles;
- The financial, strategic and operational performance of the Company and each NEO's relevant business unit (as applicable);
- Each NEO's individual performance;
- An internal comparison of each NEO's compensation;
- Peer group market data provided by Compensia;
- Current unvested equity holdings;
- Realized value of compensation; and
- The importance of each NEO's individual role with respect to the Company's long-term strategic initiatives.

Following the appointment of Mr. Wilson as CEO, the Committee reviewed the base salary and target bonus levels of several senior executives in light of changes to the organization, individual roles and responsibilities. In November 2013, the Committee adjusted the target bonus percentage for Mr. Söderlund, from 75% to 100% of his base salary. This adjustment was in recognition of the significant increase to the scope of Mr. Söderlund's responsibilities as Executive Vice President, EA Studios and to align with the target bonus percentages of internal peers. No other adjustments were made to our NEOs' compensation at that time. In calculating Mr. Söderlund's cash bonus for fiscal 2014, Mr. Söderlund's new and former bonus targets were applied on a pro-rata basis.

Determining CEO's Fiscal 2014 Salary, Target Bonus, and Equity Grant Recommendations

The compensation of the CEO is determined by the Board, upon recommendation from the Committee, with the assistance of Compensia. During fiscal 2014, the Committee developed a compensation recommendation for Mr. Wilson for the CEO position. This recommendation included a base salary, target cash bonus opportunity, and equity award. The compensation recommendations were presented to the Board, which then approved the compensation offered to Mr. Wilson for the role of CEO.

Executive Chairman Compensation

In March 2013, the Committee, with the assistance of Compensia, developed a compensation recommendation for our Executive Chairman, which then was approved by the Board. After Mr. Wilson was appointed as CEO, the Board reevaluated and approved a reduction to the Executive Chairman's salary effective October 1, 2013.

Mr. Probst recused himself from all discussions with respect to his compensation and did not vote on his compensation as Executive Chairman.

INDIVIDUAL NEO COMPENSATION

This Individual NEO Compensation section provides additional information on the compensation of our individual NEOs for fiscal 2014. The general considerations for the determination of base salary, bonus opportunity, equity awards and target total direct compensation for our NEOs are discussed above under the heading "Compensation Principles and Structure." Additional information regarding the bonuses paid to our NEOs for fiscal 2014 is provided below under the heading "Executive Bonus Plan."

Mr. Probst

Mr. Probst was appointed Executive Chairman in March 2013, and served as our principal executive officer while the Company conducted a CEO search during the first half of fiscal 2014. After the appointment of Mr. Wilson as CEO in September 2013, Mr. Probst agreed to remain as Executive Chairman to support Mr. Wilson's transition. Mr. Probst was previously employed by the Company from 1984 to September 2008, and served as the Company's CEO from May 1991 until April 2007.

Base Salary: In March 2013, the Board approved an annual base salary for Mr. Probst of $1,030,000. This salary was determined by the Board taking into consideration the salary of our former CEO and Mr. Probst's extensive experience leading the Company. In September 2013, when Mr. Wilson was appointed CEO, the Board reduced Mr. Probst's annual base salary to $515,000 to align with his reduction in responsibilities.

Equity Awards: In July 2013, Mr. Probst was granted 10,000 RSUs for his services as a Director for the 2013-2014 Board year. On May 30, 2014, the Board awarded Mr. Probst a one-time equity award in recognition for his service to the Company as Executive Chairman during fiscal 2014. The award, consisting of RSUs and stock options, will be granted on June 16, 2014. For additional information, see the "Executive Chairman Equity Award" section above.

Mr. Wilson

Mr. Wilson performed two roles during fiscal 2014. From August 2011 to September 2013, he served as Executive Vice President, EA SPORTS where he had responsibility for the product development, worldwide product management and marketing for all packaged goods and online offerings of EA SPORTS and Origin. In September 2013, the Board appointed Mr. Wilson as CEO. As a result, Mr. Wilson's compensation for the first half of fiscal 2014 was based on his role as Executive Vice President, EA SPORTS and was determined by the Committee in May 2013. His compensation for the second half of the fiscal year was based on his role as CEO and was determined by the Board in September 2013.

Executive Vice President, EA SPORTS Compensation

Base Salary and Bonus Target: In the first quarter of fiscal 2014, the Committee increased Mr. Wilson's base salary by 5% and maintained his target bonus percentage at 75% of his annual base salary. Mr. Wilson's base salary was increased as a result of his performance and to better align his cash compensation with internal peers and the market.

Fiscal 2014 Cash Bonus Award: For his performance as Executive Vice President, EA SPORTS during the first six months of fiscal 2014, Mr. Wilson was awarded a cash bonus of $210,234 which corresponds to 103% of his target bonus opportunity for the first half of the fiscal year. To determine this portion of Mr. Wilson's cash bonus award, the Committee took into account that the Company achieved its non-GAAP net revenue target and exceeded its non-GAAP earnings per share target, as well as an overall evaluation of his performance in the role, including an evaluation of strategic and operational results, such as: launching games on-time for both next generation and legacy generation gaming consoles; product quality (including hits such as *FIFA 14 and Madden NFL 25*, and a miss in the quality of *NBA Live 14*); the degree to which our consumers engaged with our products; digital revenue; the expansion of Origin; and talent and organizational objectives.

Equity Awards: In June 2013, Mr. Wilson was granted an Annual Award consisting of PRSUs with a target vesting of 75,000 shares and 75,000 time-based RSUs.

CEO Compensation

Base Salary and Bonus Target: In September 2013, Mr. Wilson was offered the position of CEO with an annual base salary of $800,000 and an annual bonus target of 150% of his annual base salary. The Board approved this compensation after considering market data for both existing and recently appointed CEO hires, as well as internal equity. While Mr. Wilson's resulting base salary and total target cash compensation were below the median for CEOs in our peer group, the Board determined that Mr. Wilson's aggregate compensation package (base, target bonus and equity) was appropriate relative to his experience.

Fiscal 2014 Cash Bonus Award: The Board approved a formulaic bonus structure for Mr. Wilson, as CEO, that included financial and operating objectives for the third and fourth quarters of fiscal 2014 with a weighting and targeted performance for each objective. To further align Mr. Wilson's bonus with Company performance, the Board also added a multiplier based on the company's TSR relative to companies in the NASDAQ-100 with a target TSR multiplier of 100% at the 60th percentile of companies and an increase of 3% for each percentile above the 60th up to a maximum multiplier of 150%, and a decrease of 2% for each percentile below the 60th to a minimum multiplier of 50%. For fiscal 2014 Mr. Wilson was awarded $570,240 based upon the achievement of objectives per the bonus formula outlined in the table below.

Fiscal 2014 Q3 and Q4 Non-GAAP Financial Targets (in millions except earnings per share):	**Q3 / Q4 Target**	**Actual[1]**	**Attainment of Target**	**Bonus Weighting**
Net Revenue	$2,558	$2,486	97%	20%
Gross Profit	$1,811	$1,778	98%	20%
Operating Expenses	$1,059	$1,043	102%	20%
Operating Income	$ 752	$ 735	98%	10%
Diluted Earnings Per Share	$ 1.76	$ 1.74	99%	10%
Operating Objectives: FY14 launches (including for Xbox One and PlayStation 4), Development of New Intellectual Property and Preparation for FY15, Organizational Health and Digital Transformation	N/A		100%	20%
Total: Financial and Operating Objectives			**99%**	**100%**

(1) For a reconciliation of fiscal 2014 third and fourth quarter non-GAAP financial measures to the most directly comparable GAAP financial measures, refer to the financial tables of the press release contained in the Current Report on Form 8-K that the Company filed on May 6, 2014. Please also refer to the information under the heading "About Non-GAAP Financial Measures" in Appendix A of this Proxy Statement for additional information about our use of Non-GAAP Financial Measures.

From the date Mr. Wilson was appointed as CEO, to the end of the fiscal year, the Company's TSR was 8.6%, which was at the 58th percentile of the companies in the NASDAQ-100, and resulted in a bonus multiplier of 96%.

Target Bonus: $600,000	X	Financial & Operating Objectives: 99%	X	TSR Multiplier: 96%	=	Bonus Payout as CEO: $570,240

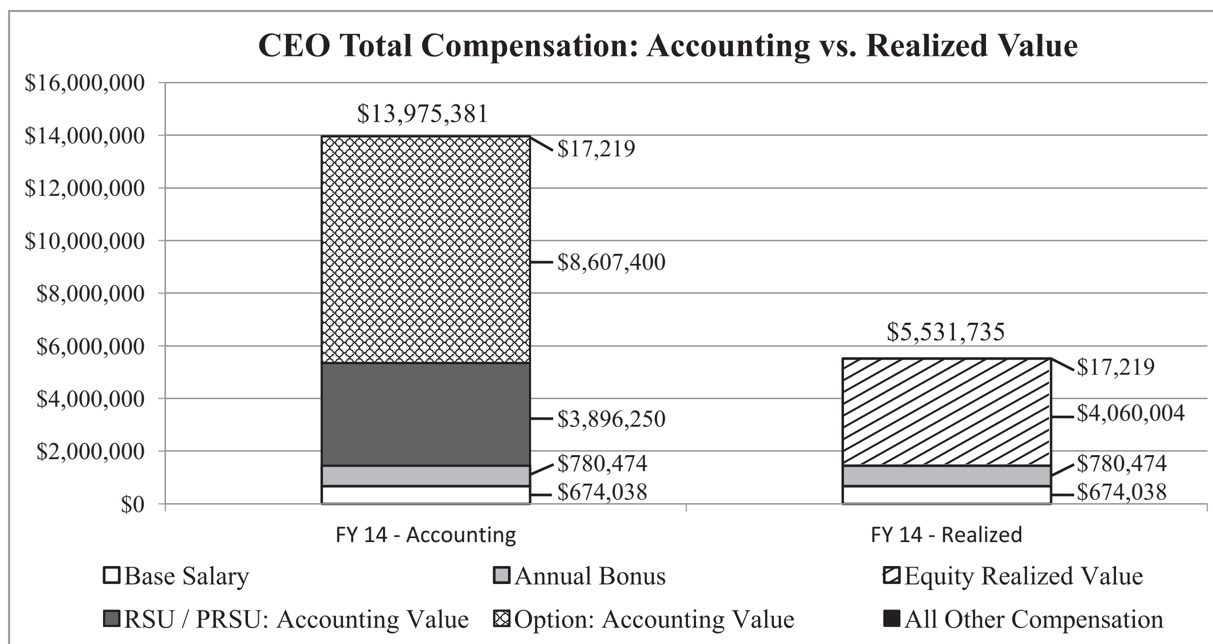
Mr. Wilson's overall fiscal 2014 cash bonus of $780,474 was determined by the Board taking into consideration both roles he performed during fiscal 2014 and the achievement of the goals and objectives aligned with each of these positions.

CEO Stock Option Award

On October 31, 2013, in connection with his appointment as CEO, Mr. Wilson was granted a non-qualified option to purchase 1,000,000 shares of common stock. In determining the size of the award, the Board considered market data for existing CEOs, new CEOs who were promoted from within a company, and Mr. Wilson's current unvested equity holdings from prior PRSU and RSU grants. The Board granted stock options to Mr. Wilson to introduce an incentive for absolute long-term stock price growth, and enhance the balance between retention and relative stock

price performance goals promoted by our current time-based RSU and PRSUs programs. Mr. Wilson's options will vest as to 24% on November 1, 2014, and 2% per month, thereafter for the next 38 months.

Overall, 89% of the value Mr. Wilson's fiscal 2014 total compensation was in the form of equity, which will vest over the next four years. While the value reported in the *"Fiscal 2014 Summary Compensation Table"* reflects the fair value of these awards for accounting purposes at the time of grant ("Accounting Value"), the actual value realized by Mr. Wilson from these awards ("Realized Value") will depend on the Company's stock price in future years. The difference between the Accounting Value and Realized Value of Mr. Wilson's total compensation for fiscal 2014 is shown in the following table:



Mr. Jorgensen

Mr. Jorgensen serves as our Executive Vice President and Chief Financial Officer. In this role, Mr. Jorgensen oversees the Company's global finance and accounting operations.

Base Salary and Bonus Target: In the first quarter of fiscal 2014, the Committee increased Mr. Jorgensen's base salary by 3% and maintained his target bonus percentage at 100% of his annual base salary.

Cash Bonus Award: Mr. Jorgensen's fiscal 2014 cash bonus award was $840,000, which corresponds to 126% of his target bonus opportunity. To determine Mr. Jorgensen's cash bonus award, the Committee took into account that the Company achieved its non-GAAP net revenue target and exceeded its non-GAAP earnings per share target, as well as an overall evaluation of his performance, including strategic and operational achievements, such as: developing and implementing a plan to improve operating margins and cash provided by operations; his role in reducing the Company's operating expenses in the fiscal year; and managing communications with investors and employees.

Equity Awards: In June 2013, Mr. Jorgensen was granted an Annual Award consisting of PRSUs with a target vesting of 65,000 shares and 65,000 time-based RSUs. In February 2014, the Committee granted Mr. Jorgensen an additional retention award of 225,000 time-based RSUs, which will vest as to 100% of the shares on the third anniversary of the grant date. Mr. Jorgensen's time based awards utilized both annual vesting over three years and cliff vesting to deliver value in years one and two, while emphasizing retention over three years. The size of this retention award and the vesting schedule is consistent with the retention grants received by our key leaders in fiscal 2013. Overall, 87% of the value of Mr. Jorgensen's total fiscal 2014 compensation was in the form of long-term equity.

Mr. Gibeau

Mr. Gibeau performed two roles for the Company during fiscal 2014. From August 2011 to September 2013 he served as President, EA Labels with oversight of intellectual property development, worldwide product management and marketing for major console and PC properties. In September 2013, Mr. Gibeau became Executive Vice President, EA Mobile. In this role Mr. Gibeau leads the EA Mobile organization.

Base Salary and Bonus Target: In the first quarter of fiscal 2014, the Committee increased Mr. Gibeau's base salary by 2% and maintained his target bonus percentage at 100% of his annual base salary. Mr. Gibeau's salary and target bonus opportunity were not adjusted when he transitioned to the role of Executive Vice President, EA Mobile.

Cash Bonus Award: Mr. Gibeau's fiscal 2014 cash bonus award was $680,000, which corresponds to 94% of his target bonus. To determine Mr. Gibeau's cash bonus award, the Committee took into account that the Company achieved its non-GAAP net revenue target and exceeded its non-GAAP earnings per share target, as well as an overall evaluation of his performance in both roles.

In evaluating his performance as President EA Labels, the Committee considered strategic and operational results such as: launching games on-time for both next generation and legacy generation gaming consoles; mobile revenue; the success of products released on console, PC and mobile platforms (including *FIFA 14, Madden NFL 25, Plants vs. Zombies 2, Battlefield 4* and *Need for Speed: Rivals;* challenges at the launch of *Battlefield 4;* and a miss in the quality of *NBA Live14)*; development of new intellectual property; and talent and organizational objectives.

In evaluating his performance as Executive Vice President, EA Mobile, the Committee considered strategic and operational results, such as: mobile revenue; the success of products released (including *RealRacing3 and The Simpsons: Tapped Out);* development of new intellectual property; and managing talent and organizational changes for the newly formed EA Mobile organization.

Equity Awards: In June 2013, Mr. Gibeau was granted an Annual Award consisting of PRSUs with a target vesting of 100,000 shares and 100,000 time-based RSUs. Overall, 79% of the value of Mr. Gibeau's total compensation was in the form of long-term equity.

Mr. Moore

Mr. Moore has served as Chief Operating Officer since August 2011. In this role, Mr. Moore provides strategic leadership for all global operations that enable EA to bring products to market via retail and digital direct-to-consumer channels, including publishing, sales, media, central development and channel management. Mr. Moore also oversees EA's global marketing organization consisting of product marketing, acquisition and digital marketing, global advertising and marketing analytics.

Base Salary and Bonus Target: In the first quarter of fiscal 2014, the Committee increased Mr. Moore's base salary by 3% and maintained his target bonus percentage at 100% of his annual base salary.

Cash Bonus Award: Mr. Moore's fiscal 2014 cash bonus award was $685,000, which corresponds to 106% of his target bonus. To determine Mr. Moore's cash bonus award, the Committee took into account that the Company achieved its non-GAAP net revenue target and exceeded its non-GAAP earnings per share target, as well as an overall evaluation of his performance, including an evaluation of strategic and operational achievements, such as: achieving a leadership position on next generation gaming consoles; improving the Company's digital revenue while maintaining strong revenue performance from traditional retail channels; and his role in reducing the Company's operating expenses in the fiscal year.

Equity Awards: In June 2013, Mr. Moore was granted an Annual Award consisting of PRSUs with a target vesting of 65,000 shares and 65,000 time-based RSUs. Overall, 71% of the value of Mr. Moore's total compensation was in the form of long-term equity.

Mr. Söderlund

During fiscal 2014 Mr. Söderlund performed two roles. From August 2011 to September 2013, he was Executive Vice President, EA Games Label, where he oversaw operations for all EA Games studios. In September 2013, Mr. Söderlund became the Executive Vice President, EA Studios. In this role, Mr. Söderlund is now responsible for console and PC development for all products within the games and sports genres. He also leads EA

development teams from studio locations around the globe and oversees the relationships with EA Partners development studios, including Respawn Entertainment.

Mr. Söderlund is located in Sweden and is paid in Swedish kronor. All values reported for his cash compensation throughout this Compensation Discussion and Analysis were converted to U.S. dollars based on the exchange rate for the Swedish kronor as of the end of fiscal 2014.

Base Salary and Bonus Target: In the first quarter of fiscal 2014, the Committee increased Mr. Söderlund's base salary by 4% and maintained his target bonus percentage at 75% of his annual base salary. In the third quarter of fiscal 2014, the Committee increased Mr. Söderlund's target bonus percentage from 75% to 100% (adjusted on a pro rata basis) to recognize his increased responsibilities, which now include development of products and services for both the sports and games genres as Executive Vice President, EA Studios, and to better align his target cash compensation with internal peers.

Cash Bonus Awards: Mr. Söderlund's fiscal 2014 cash bonus award was $725,000 which corresponds to 134% of his target bonus. To determine Mr. Söderlund's cash bonus award, the Committee took into account that the Company achieved its non-GAAP net revenue target and exceeded its non-GAAP earnings per share target, as well as an overall evaluation of his performance in both roles he performed during the fiscal year.

In evaluating his performance as Executive Vice President, EA Games Label, the Committee considered strategic and operational results, such as: launching games on-time for next generation and legacy generation gaming consoles; the success of products released (including *Need for Speed: Rivals* and *Battlefield 4* and the challenges at the launch of *Battlefield 4*); digital revenue; talent and organizational objectives.

In evaluating his performance as Executive Vice President, EA Studios, the Committee considered the expanded scope of his role and strategic and operational results in the role such as: managing the operations of our high definition games during the next generation console launches; the success of other products released in the second half of the year (including *Titanfall* and *Plants vs. Zombies: Garden Warfare*); digital revenue; and reorganizing the former EA Games and EA SPORTS labels into the newly formed EA Studios organization.

Equity Awards: In June 2013, Mr. Söderlund was granted an Annual Award consisting of PRSUs with a target vesting of 75,000 shares and 75,000 time-based RSUs. Overall, 73% of the value of Mr. Söderlund's total compensation was in the form of long-term equity.

COMPENSATION PROGRAMS AND PLANS

Non-GAAP Financial Measures

The Company uses certain adjusted non-GAAP financial measures when establishing performance-based bonus and equity award targets, such as non-GAAP net revenue, non-GAAP gross profit, non-GAAP operating expenses, non-GAAP operating income, non-GAAP net income, and non-GAAP diluted earnings per share. These non-GAAP financial measures exclude the following items (as applicable, in a given reporting period): acquisition-related expenses, changes in deferred net revenue (online-enabled games), college football settlement expenses, amortization of debt discount, restructuring charges, stock-based compensation, and income tax adjustments, among others. In addition, for these purposes, we make further adjustments to our publicly disclosed non-GAAP measures to add back bonus expense.

Base Salary

A competitive base salary is a crucial component in providing an attractive total compensation package for our NEOs. The Committee initially sets each NEO's base salary at a level which reflects the NEO's position, responsibilities and experience, as compared to similar executives at comparable companies. On an annual basis, the Committee reviews and approves any base salary adjustments, considering such factors as individual performance, pay relative to market, level of responsibilities, complexity of role, and internal compensation alignment.

As part of its May 2014 compensation review, the Committee (and Board for Mr. Wilson) increased the base salaries of certain NEOs for fiscal 2015. Effective June 1, 2014, the base salaries of our NEO's will be: Mr. Wilson, $900,000; Mr. Jorgensen, $700,000; Mr. Gibeau $725,000; Mr. Moore $670,000; Mr. Söderlund $725,000; and Mr. Probst, $515,000. These increases were consistent with the compensation-setting process described above.

Executive Bonus Plan

Cash bonus awards for each of our NEOs were funded under the Electronic Arts Inc. Executive Bonus Plan (the "Executive Bonus Plan"), which was approved by stockholders in 2012. Cash bonuses payable under this plan are intended to qualify as tax deductible "performance-based compensation" under Section 162(m) of the Internal Revenue Code. At the beginning of the fiscal year, the Committee selected the Executive Bonus Plan participants, performance period, performance measures, and the formula used to determine maximum bonus funding. In fiscal 2014, all of our NEOs were selected to participate in this plan. The performance period was established as fiscal 2014 and the formula to determine the maximum bonus funding for each NEO was the lower of: (1) 300% of their annual base salary and (2) 0.5% of our fiscal 2014 non-GAAP net income for each NEO other than our Executive Chairman and CEO, for whom the maximum was 1% of our fiscal 2014 non-GAAP net income. The Committee selected non-GAAP net income as the performance measure because the level of profitability is a key business focus in any year. For fiscal 2014, the Company reported non-GAAP net income of $534 million, which resulted in the maximum bonus award funding of 300% of annual base salary for each of our NEOs. The Committee then exercised its discretion to reduce the actual bonus awards for each individual based on Company's overall financial performance, each NEO's target bonus award and individual performance against strategic and operational objectives, as discussed in "Individual NEO Compensation" above.

Performance-Based RSU Program

The Committee began granting PRSUs as part of the annual equity awards to Executive Vice President level employees and above, beginning in fiscal 2012. The actual number of PRSUs earned from these grants range from zero to 200% of the target award based on the Company's TSR relative to the performance of each of the companies in the NASDAQ-100 Index over a three-year performance period with vesting opportunities at one-year, two-year, and three-year measurement periods. TSR is determined based on a 90-day trailing average of the closing stock prices of the NASDAQ-100 at the end of each measurement period as compared to the 90-day average of the closing stock prices of the NASDAQ-100 at the beginning of the performance period. For each measurement period, the Company's TSR must be at the 60th percentile of the TSR of companies in the NASDAQ-100 in order for 100% of the target award to vest. If the Company's TSR is above or below the 60th percentile, the number of shares that vest will increase by 3% for each percentile above the 60th, or decrease by 2% for each percentile below the 60th.

In fiscal 2014 the Company utilized the same basic PRSU design as in fiscal 2013, but with two changes. First, the Company added a restriction on vesting during a measurement period, such that if the Company's TSR was negative the maximum number of shares that can be earned is capped at 100% of the target award for that measurement period. Second, if less than the target number of shares are earned during the one-year or two-year measurement periods, up to the target number of shares remaining from those periods can be earned in a subsequent measurement period (i.e. the two-year or three-year measurement period) if the Company's stock price performance during the course of the performance period results in an improved cumulative TSR percentile relative to the NASDAQ-100. The Committee added this feature to the PRSU program as an incentive to keep our executives focused on improving stock price performance over the longer-term.

As reflected in the table below, the percentage of PRSUs vesting for each measurement period ending with fiscal 2014 is aligned with the relative performance of our stock price.

PRSU Grant date	June 2011	June 2012	June 2013
Performance Period	Fiscal 12-14	Fiscal 13-15	Fiscal 14-16
90 day average stock price (start of performance period)	$17.79	$14.26	$20.35
Measurement Period	3 Year	2 Year	1 Year
90 day average stock price (end of measurement period)	$26.64		
EA's Total Stockholder Return ("TSR")	49.8%	86.9%	30.9%
EA's TSR Percentile vs. NASDAQ 100	51st	83rd	73rd
Percentage of Target Shares Vesting in May 2014	**82%**	**169%**	**139%**

For fiscal 2015, the Company will change the composition of the Annual Awards granted to our NEOs. The Annual Award shall consist of three components: (a) 50% of the Annual Award will be granted as RSUs, (b) 25% of the Annual Award will be granted as PRSUs, and (c) the remaining 25% of the Annual Award will be granted in the form of stock options. The addition of stock options to the Annual Award mix will reward executives for growth in our stock price over the long term and will complement the retentive value of time-based RSU awards and the relative stock price performance rewards of our PRSUs.

Benefits and Retirement Plans

We provide a comprehensive benefits package to all of our regular, full-time employees, including our NEOs that is consistent with the level of benefits offered by similar-sized companies; including medical, dental, prescription drug, vision care, disability insurance, life insurance, accidental death and dismemberment ("AD&D") insurance, a flexible spending plan, business travel accident insurance, an educational reimbursement program, an adoption assistance program, an employee assistance program, an employee stock purchase plan, certain paid holidays, personal time-off or comparable vacation benefits in accordance with local requirements, a monthly car allowance for employees in certain positions and locations, including Sweden where Mr. Söderlund resides, and a sabbatical program for regular full-time employees who commenced employment prior to October 7, 2009. During fiscal 2014, Mr. Söderlund received a payout of $12,246, in accordance with the terms of the sabbatical program as he was unable to utilize his full sabbatical benefit within the eligibility period.

We offer retirement plans to our employees based upon their country of employment. In the United States our NEOs are eligible to participate in a tax-qualified section 401(k) savings plan, with an annual Company discretionary matching contribution of up to 6% of eligible compensation. The amount of the matching contribution is determined each year based on the Company's fiscal year performance. We also maintain a nonqualified deferred compensation plan in which executive-level employees, including our NEOs and our Directors, are eligible to participate. None of our NEOs participated in the deferred compensation plan during fiscal 2014. In Sweden, where Mr. Söderlund resides, the Company contributes to supplementary ITP occupational pension plans for eligible employees, which provide retirement, life insurance and disability benefits. Eligible employees above certain income thresholds may also elect to participate in an alternative ITP plan. The ITP plans are offered pursuant to the terms of a collective agreement between the Confederation of Swedish Enterprise and the Council for Negotiation and Cooperation.

Perquisites and Other Personal Benefits

We consistently have taken a conservative approach with respect to providing perquisites and other personal benefits to our NEOs. While our NEOs generally receive the same benefits that are available to our other regular, full-time employees, they also receive certain additional benefits, including access to a Company-paid physical examination program, and greater maximum benefit levels for life insurance, AD&D, and long-term disability coverage. We consider these benefits to be standard components of a competitive executive compensation package. Company-reimbursed air and ground transportation is limited to business travel.

Relocation Assistance

We provide relocation benefits to our executive officers, including our NEOs, in order to induce job candidates to accept job offers for certain open positions that are critical to the Company's business needs. These benefits may include household goods and car shipment, travel, temporary housing, car rental, storage, miscellaneous relocation allowance, home sale and purchase assistance, house-hunting trips, and tax protection to offset costs incurred by our executive officers as a result of these relocations. Relocation benefits provided to NEOs are reported in the "All Other Compensation" column of the "Fiscal 2014 Summary Compensation Table" below.

Post-Employment Arrangements

Change of Control Plan

Our executive officers, including our NEOs, are eligible to participate in the Electronic Arts Inc. Key Employee Continuity Plan, which is a "double-trigger" change of control plan. We believe it is important to offer our executive officers this type of severance benefit in order to attract executive talent by mitigating the harm they would suffer if their employment is terminated by the Company for reasons beyond their control in connection with a change of control of the Company. This type of severance benefit also allows existing executive officers to

focus on the Company's business without being distracted by concerns about their job security in the event of a change of control and acts as an additional incentive for our executive officers to comply with their post-termination covenants. The Electronic Arts Inc. Key Employee Continuity Plan provides for specified levels of cash severance, continued health benefits and accelerated vesting of certain outstanding equity awards in the event of a qualifying termination of employment in connection with a change of control of the Company, as described in more detail under "Potential Payments upon Change of Control" below.

Severance Plan

We maintain an ERISA-regulated severance plan (the "Severance Plan") that applies to (1) all of our U.S.-based employees whose jobs are terminated due to a reduction-in-force and (2) any other employee we select to participate in the plan upon his or her termination of employment. Under the Severance Plan, eligible employees may receive a cash severance payment equal to two weeks of pay, with any additional payments to be determined solely at our discretion. In addition, under the Severance Plan, we will pay the premiums for continued health benefits, if such benefits are continued pursuant to COBRA, for a time period equal to the number of weeks of cash severance paid.

Any severance arrangements with our executive officers, including our NEOs, whether paid pursuant to the Severance Plan or otherwise, require the prior approval of the Committee. In the event of a change of control of the Company, the cash severance payment payable under the Severance Plan may be reduced, in whole or in part, by any amount paid under the Electronic Arts Inc. Key Employee Continuity Plan.

POLICIES AND PRACTICES

Stock Ownership Requirements

We maintain stock ownership requirements for all of our executive officers who are subject to Section 16 of the Exchange Act. Historically these ownership requirements ranged from one to six times an individual's annual base salary depending on his or her level within the Company. In November 2013, the Board, based on a recommendation from the Committee, approved the following changes to our stock ownership requirements. First, we re-set the frequency for calculating share ownership requirements to an annual basis; second, for our CEO, we reduced the ownership requirement from six times to five times his annual base salary; and third, we added a requirement that any executive officer not in compliance with these guidelines must hold 50% of any net after-tax shares vesting from equity awards until the applicable requirement is met. The changes were made to better align ownership requirements between our CEO, Executive Vice Presidents and Senior Vice Presidents, and to clarify the implications if an officer is out of compliance. As of March 31, 2014, each of our executive officers, had either met his or her then-applicable stock ownership requirement or had not yet reached the date on which he or she is required to meet his or her ownership requirement.

We do not have a separate requirement that Section 16 officers hold shares of the Company's common stock for a specific period of time after an option exercise or vesting of RSUs.

Stock Trading and Anti-Hedging Policies

We maintain a policy designed to promote compliance by all of our employees with both federal and state insider trading laws. Under this policy, certain employees (including all of our executive officers) who regularly have access to material, non-public information about the Company are prohibited from buying or selling shares of the Company's common stock during periods when the Company's trading window is closed (unless such transactions are made pursuant to a pre-approved Exchange Act Rule 10b5-1 trading plan). When the trading window is open, these employees are prohibited from buying or selling shares of the Company's common stock while in possession of material, non-public information about the Company. During an open trading window, employees who are subject to the trading policy and are at the level of Vice President and above must request a trading clearance from our General Counsel prior to engaging in a trading transaction (unless such transaction is made pursuant to a pre-approved Exchange Act Rule 10b5-1 trading plan). In addition, our Directors, executive officers, and other employees may not engage in short sales of shares of the Company's common stock under any circumstances, including trading in puts and calls that increase in value from a decline in the trading price of our stock.

Equity Awards Grant Practices

Equity awards granted to executive officers during fiscal 2014 were approved by the Committee in advance of the grant date and were generally made on the 16th of the month in which they were granted (or on the next NASDAQ trading day thereafter if the 16th of the month fell on a Saturday, Sunday, or holiday). Mr. Probst was granted an equity award on July 31, 2013, along with our non-employee Directors, for his service on the Board for the 2013-2014 Board year. In connection with his appointment as CEO, the Board granted stock options to Mr. Wilson on October 31, 2013. Based on his date of appointment, the Board chose to grant these options after the close of the stock market on the second trading day following the Company's release of earnings results for the fiscal quarter ended September 30, 2013. The Committee has delegated authority for determining and approving equity grants for senior executives (other than executive officers), vice presidents and other non-executive employees, with pre-defined size limits and vesting schedules, to a committee consisting of our CEO and Chief Talent Officer, that reports on their activities to the Committee on at least an annual basis.

Compensation Recovery

In July 2009, the Committee adopted a compensation recovery provision to be included in all equity award agreements on a prospective basis. If an employee engages in fraud or other misconduct that contributes to an obligation to restate the Company's financial statements, this provision allows the Committee to terminate the equity award and recapture any equity award proceeds received by the employee within the 12-month period following the public issuance or filing of the financial statements required to be restated.

Section 162(m)

When making compensation decisions for our NEOs, the Committee considers if the compensation arrangements are tax deductible under Section 162(m) of the Internal Revenue Code. However, tax deductibility is not the primary factor in determining appropriate levels or modes of compensation. Since corporate objectives may not always be consistent with the requirements for tax deductibility, we may, if consistent with our compensation philosophy, enter into compensation arrangements under which payments are not fully deductible under Section 162(m).

Accounting for Stock-Based Compensation

We account for our stock-based compensation awards in accordance with applicable accounting standards. The comparable compensation expense of restricted stock units and stock options has removed a financial reporting disincentive to use restricted stock units that existed before we began expensing stock options under the current accounting standard. As such, we use restricted stock units for all employee groups, including our NEOs.

COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION

The following Compensation Committee Report on Executive Compensation shall not be deemed to be "soliciting material" or to be "filed" with the Securities and Exchange Commission nor shall this information be incorporated by reference into any future filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that EA specifically incorporates it by reference into a filing.

The Committee has reviewed and discussed with management the Compensation Discussion and Analysis. Based on its review and discussions with management, the Committee recommended to our Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement.

COMMITTEE MEMBERS

Jay C. Hoag (Chair)

Leonard Coleman

Vivek Paul

FISCAL 2014 SUMMARY COMPENSATION TABLE

The following table shows information concerning the compensation earned by or awarded to our Executive Chairman, who served as our interim principal executive officer during the first two quarters of fiscal 2014, our Chief Executive Officer, our Chief Financial Officer, and our next three most highly compensated executive officers for fiscal 2014 and, where applicable, fiscal 2013 and 2012. For purposes of the compensation tables that follow, we refer to these individuals collectively as the “Named Executive Officers” or “NEOs”.

Name and Principal Position	Fiscal Year	Salary ($)	Bonus ($)	Stock Awards ($)[1]	Option Awards ($)[2]	Non-Equity Incentive Plan Compensation ($)[3]	All Other Compensation ($)[4]	Total ($)
LAWRENCE F. PROBST III	2014	764,577	—	261,200[5]	—	—	1,124	1,026,901
Executive Chairman	2013	39,615	—	—	—	—	—	39,615
ANDREW WILSON	2014	674,038	—	3,896,250[6][7]	8,607,400	780,474	17,219	13,975,381
Chief Executive Officer	2013	510,865	—	4,283,250	—	827,488	10,373	5,631,976
BLAKE J. JORGENSEN	2014	666,154	—	9,766,750[6][8]	—	840,000	16,424	11,289,328
Executive Vice President, Chief Financial Officer	2013	362,500	350,000	2,842,000	—	269,208	657	3,824,365
FRANK D. GIBEAU	2014	722,115	—	5,195,000[6][9]	—	680,000	17,486	6,614,601
Executive Vice President,	2013	694,923	—	5,609,000	—	—	8,787	6,312,710
EA Mobile	2012	624,577	—	8,277,500	—	775,000	13,614	9,690,691
PETER MOORE	2014	646,154	—	3,376,750[6][10]	—	685,000	24,965	4,732,869
Executive Vice President,	2013	628,155	—	1,716,000	—	423,811	10,443	2,778,409
Chief Operating Officer	2012	616,385	—	5,494,132	—	825,000	14,274	6,949,791
PATRICK SÖDERLUND[11]	2014	634,518	—	3,896,250[6][12]	—	725,000	95,983	5,351,751
Executive Vice President, EA Studios	2013	584,583	—	4,283,250	—	259,050	67,154	5,194,037

(1) Represents the aggregate grant date fair value of RSUs with time-based and, where applicable, performance-based vesting granted in those years. Grant date fair value is determined for financial statement reporting purposes and the amounts shown do not reflect the actual value realized by the recipient. For RSUs with time-based vesting, grant date fair value is calculated using the closing price of our common stock on the grant date. Refer to footnote 6 below for a discussion of the fair value calculation for RSUs with performance-based vesting. For additional information regarding the valuation methodology for RSUs, see Note 15, “Stock-Based Compensation and Employee Benefit Plans”, to the Consolidated Financial Statements in our 2014 Annual Report. For additional information regarding the specific terms of the RSUs with time-based vesting granted to our NEOs in fiscal 2014, see the “Fiscal 2014 Grants of Plan-Based Awards Table” below.

(2) Represents the grant date fair value of stock options granted. For additional information on the valuation methodology and assumptions used to calculate the fair value of stock options, see Note 15, “Stock-Based Compensation and Employee Benefit Plans”, of the Consolidated Financial Statements in our 2014 Annual Report.

(3) Represents amounts awarded under the Executive Bonus Plan for fiscal 2014, 2013 and 2012, in addition to amounts awarded to Messrs. Söderlund and Wilson under the EA Bonus Plan in fiscal 2013. For additional information about the bonuses paid to our NEOs in fiscal 2014, see “Executive Bonus Plan” in the “Compensation Discussion and Analysis” above.

(4)

All Other Compensation Table

Name	Fiscal Year	Insurance Premiums ($)[(A)]	Retirement Benefits ($)[(B)]	Tax Gross-up ($)	Other ($)	Total ($)
LAWRENCE F. PROBST III	2014	1,124	—	—	—	1,124
	2013	—	—	—	—	—
ANDREW WILSON	2014	1,919	15,300	—	—	17,219
	2013	1,287	5,048	—	4,038	10,373
BLAKE J. JORGENSEN	2014	1,124	15,300	—	—	16,424
	2013	657	—	—	—	657
FRANK D. GIBEAU	2014	2,186	15,300	—	—	17,486
	2013	1,287	7,500	—	—	8,787
	2012	1,261	11,025	1,328	—	13,614
PETER MOORE	2014	6,149	15,300	3,516[(C)]	—	24,965
	2013	2,943	7,500	—	—	10,443
	2012	1,261	11,025	—	1,988	14,274
PATRICK SÖDERLUND	2014	791	32,142	—	63,050[(D)]	95,983
	2013	—	37,779	—	29,375[(D)]	67,154

(A) Amounts shown represent premiums paid on behalf of our NEOs under Company sponsored group life insurance, AD&D, disability and executive physical programs.

(B) Amounts shown for Messrs. Wilson, Jorgensen, Gibeau and Moore reflect company-matching 401(k) contributions for fiscal years 2012, 2013 and 2014, as applicable, paid during each subsequent fiscal year. The amount shown for Mr. Söderlund reflects company contributions during fiscal 2013 and 2014 to a Swedish ITP2 occupational pension plan, which includes a defined contribution component, as well as life and disability coverage, and an alternative ITP plan.

(C) Represents the aggregate value of taxes paid on behalf of Mr. Moore in fiscal 2014 for: (1) a one-time airfare reimbursement; (2) participation in video game purchase and/or reimbursement program available to all employees; and (3) one-time reimbursement for participation in next-generation console purchase program available to all employees.

(D) Includes car allowance, private medical premiums and vacation benefits paid during fiscal 2013 and 2014. In addition, fiscal 2014 amounts include payouts for expired sabbatical and expired vacation ($30,415).

(5) Mr. Probst was granted 10,000 RSUs on July 31, 2013 for his services as a Director for the 2013-2014 Board year. These RSUs will vest in the entirety on July 31, 2014.

(6) Includes the aggregate grant date fair value of RSUs with performance-based vesting granted in those years. Grant date fair value is determined for financial statement reporting purposes and the amounts shown do not reflect the actual value that can be realized by the recipient upon vesting of awards. For RSUs with performance-based vesting, the grant date fair value is based on the probable outcome of the performance condition on the date of grant. For additional information regarding the valuation methodology for RSUs, see Note 15, "Stock-Based Compensation and Employee Benefit Plans", to the Consolidated Financial Statements in our 2014 Annual Report. The PRSUs granted to our NEOs in fiscal 2014 are referred to as "Market-Based Restricted Stock Units" in Note 15. For additional information regarding the specific terms of the RSUs with performance-based vesting granted to our NEOs in fiscal 2014, see the discussion of "Performance-Based RSU Program" in the "Compensation Discussion & Analysis" above and the "Fiscal 2014 Grants of Plan-Based Awards Table" below.

(7) Represents the aggregate grant date fair value of 75,000 RSUs with time-based vesting granted to Mr. Wilson in fiscal 2014 of $1,682,250 and the grant date fair value of the target payout of 75,000 RSUs with performance-based vesting granted to Mr. Wilson in fiscal 2014 of $2,214,000, based on the probable outcome of the performance conditions. The actual vesting of the PRSUs will be between zero and 200% of the target number of PRSUs. The value of the PRSUs on the date of grant assuming the highest level of performance conditions will be achieved is $3,364,500, which is based on the maximum vesting of 150,000 RSUs multiplied by the closing price of our stock on the date of grant of $22.43.

(8) Represents the aggregate grant date fair value of 290,000 RSUs with time-based vesting granted to Mr. Jorgensen in fiscal 2014 of $7,847,950 and the grant date fair value of the target payout of 65,000 RSUs with performance-based vesting granted to Mr. Jorgensen in fiscal 2014 of $1,918,800, based on the probable outcome of the performance conditions. The actual vesting of the PRSUs will be between zero and 200% of the target number of PRSUs. The value of the PRSUs on the date of grant assuming the highest level of performance conditions will be achieved is $2,915,900, which is based on the maximum vesting of 130,000 RSUs multiplied by the closing price of our stock on the date of grant of $22.43.

(9) Represents the aggregate grant date fair value of 100,000 RSUs with time-based vesting granted to Mr. Gibeau in fiscal 2014 of $2,243,000 and the grant date fair value of the target payout of 100,000 RSUs with performance-based vesting granted to Mr. Gibeau in fiscal 2014 of $2,952,000, based on the probable outcome of the performance conditions. The actual vesting of the PRSUs will be between zero and 200% of the target number of PRSUs. The value of the PRSUs on the date of grant assuming the highest level of performance conditions will be achieved is $4,486,000, which is based on the maximum vesting of 200,000 RSUs multiplied by the closing price of our stock on the date of grant of $22.43.

(10) Represents the aggregate grant date fair value of 65,000 RSUs with time-based vesting granted to Mr. Moore in fiscal 2014 of $1,457,950 and the grant date fair value of the target payout of 65,000 RSUs with performance-based vesting granted to Mr. Moore in fiscal 2014 of $1,918,800, based on the probable outcome of the performance conditions. The actual vesting of the PRSUs will be between zero and 200% of the target number of PRSUs. The value of the PRSUs on the date of grant assuming the highest level of performance conditions will be achieved is $2,915,900, which is based on the maximum vesting of 130,000 RSUs multiplied by the closing price of our stock on the date of grant of $22.43.

(11) Mr. Söderlund is based in Stockholm, Sweden and thus, was paid in Swedish kronor. The cash amounts reflected in the "Fiscal 2014 Summary Compensation Table" (other than equity awards) were converted to U.S. dollars based on the exchange rate as of the end of each fiscal year.

(12) Represents the aggregate grant date fair value of 75,000 RSUs with time-based vesting granted to Mr. Söderlund in fiscal 2014 of $1,682,250 and the grant date fair value of the target payout of 75,000 RSUs with performance-based vesting granted to Mr. Söderlund in fiscal 2014 of $2,214,000, based on the probable outcome of the performance conditions. The actual vesting of the PRSUs will be between zero and 200% of the target number of PRSUs. The value of the PRSUs on the date of grant assuming the highest level of performance conditions will be achieved is $3,364,500, which is based on the maximum vesting of 150,000 RSUs multiplied by the closing price of our stock on the date of grant of $22.43.

FISCAL 2014 GRANTS OF PLAN-BASED AWARDS TABLE

The following table shows information regarding non-equity incentive and equity plan-based awards granted to the Named Executive Officers during fiscal 2014.

			Estimated Future Payouts Under Non-Equity Incentive Plan Awards[2]		Estimated Future Payouts Under Equity Incentive Plan Awards[3]					
Name	Grant Date[1]	Approval Date[1]	Target ($)	Maximum ($)	Target (#)	Maximum (#)	All Other Stock Awards: Number of Shares of Stock or Units (#)[4]	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards ($/Share)[5]	Grant Date Fair Value of Stock and Option Awards ($)[6]
Lawrence F. Probst III										
Annual Bonus Opportunity	—	—	—	3,090,000[7]	—	—	—	—	—	—
RSUs	7/31/2014	7/31/2014	—	—	—	—	10,000[8]	—	—	261,200
Andrew Wilson										
Annual Bonus Opportunity	—	—	803,125	2,400,000	—	—	—	—	—	—
PRSUs	6/17/2013	5/15/2013	—	—	75,000	150,000	—	—	—	2,214,000
RSUs	6/17/2013	5/15/2013	—	—	—	—	75,000[9]	—	—	1,682,250
Options	10/31/2013	9/15/2013	—	—	—	—	—	1,000,000[10]	26.25	8,607,400
Blake J. Jorgensen										
Annual Bonus Opportunity	—	—	666,667	2,010,000	—	—	—	—	—	—
PRSUs	6/17/2013	5/15/2013	—	—	65,000	130,000	—	—	—	1,918,800
RSUs	6/17/2013	5/15/2013	—	—	—	—	65,000[9]	—	—	1,457,950
RSUs	2/18/2014	1/12/2014	—	—	—	—	225,000[11]	—	—	6,390,000
Frank D. Gibeau										
Annual Bonus Opportunity	—	—	722,500	2,175,000	—	—	—	—	—	—
PRSUs	6/17/2013	5/15/2013	—	—	100,000	200,000	—	—	—	2,952,000
RSUs	6/17/2013	5/15/2013	—	—	—	—	100,000[9]	—	—	2,243,000
Peter Moore										
Annual Bonus Opportunity	—	—	646,667	1,950,000	—	—	—	—	—	—
PRSUs	6/17/2013	5/15/2013	—	—	65,000	130,000	—	—	—	1,918,800
RSUs	6/17/2013	5/15/2013	—	—	—	—	65,000[9]	—	—	1,457,950
Patrick Söderlund										
Annual Bonus Opportunity	—	—	542,402	1,915,593	—	—	—	—	—	—
PRSUs	6/17/2013	5/15/2013	—	—	75,000	150,000	—	—	—	2,214,000
RSUs	6/17/2013	5/15/2013	—	—	—	—	75,000[9]	—	—	1,682,250

(1) Each grant was approved on the approval date indicated above by our Compensation Committee or the Board, where applicable, for grant on the specific grant date indicated above. For more information regarding our grant date policy, see "Equity Awards Grant Practices" in the "Compensation Discussion and Analysis" above.

(2) The amounts shown represent the target and maximum amount of potential cash bonus plan awards provided for under the Electronic Arts Executive Bonus Plan. The target amounts are pre-established as a percentage of salary and the maximum amounts represent the greatest payout that could have been made if the pre-established performance level was met or exceeded. For more information regarding the bonuses paid to our NEOs in fiscal 2014 and an explanation of the amount of salary and bonus in proportion to total compensation, see the sections titled "Compensation Principles and Structure", "Individual NEO Compensation", and "Executive Bonus Plan" in the "Compensation Discussion and Analysis" above.

(3) Represents awards of RSUs with performance-based vesting granted under our 2000 Equity Incentive Plan. The PRSUs granted to our NEOs in fiscal 2014 are referred to as "Market-Based Restricted Stock Units" in Note 15 "Stock-Based Compensation and Employee Benefit Plans", to the Consolidated Financial Statements in our 2014 Annual Report. The number of RSUs that vest will be based on EA's total stockholder return ("TSR") relative to the performance of those companies in the NASDAQ-100 Index on April 1, 2013 (the "NASDAQ-100"). The TSR for the Company and the NASDAQ 100 will be measured over a three year performance period covering fiscal 2014 through 2016, with one year (fiscal 2014), two year (fiscal 2014 and 2015) and three year (fiscal 2014, 2015 and 2016) TSR measurement periods. The TSR for each measurement period will be calculated using a 90-day trailing average of the closing stock prices of the NASDAQ-100 at the end of each measurement period as compared to the 90-day average of the closing stock prices of the NASDAQ-100 for the first 90 days of the measurement period. The actual number of shares that vest will be determined by the Compensation Committee based on the relative TSR for each measurement period and will range from zero to 200% of the target amount. In order to vest in 100% of the target number of PRSUs, the Company's TSR needs to be at the 60th percentile of the TSR of the NASDAQ-100. Upon vesting, each performance-based RSU automatically converts into one share of EA common stock, and does not have an exercise price or expiration date. The PRSUs are not entitled to receive dividends, if any, paid by EA on its common stock.

[4] Represents awards of RSUs with time-based vesting granted under our 2000 Equity Incentive Plan. Upon vesting, each restricted stock unit automatically converts into one share of EA common stock, and does not have an exercise price or expiration date. The RSUs are not entitled to receive dividends, if any, paid by EA on its common stock.

[5] The exercise price of all stock options was 100% of the fair market value on the date of grant (based on the closing price of our common stock on the NASDAQ Stock Market on the date of grant).

[6] For grants of RSUs with time-based vesting, represents the aggregate grant date fair value of RSUs calculated using the closing price of our common stock on the date of grant. For grants of RSUs with performance-based vesting, represents the aggregate grant date fair value of the award based on the probable outcome of the performance condition on the date of grant. For grants of stock options, represents the aggregate grant date fair value based on the Black Scholes model. Grant date fair value is determined for financial statement reporting purposes and the amounts shown do not reflect actual value realized by the recipient. For a more detailed discussion of the valuation methodology and assumptions used to calculate fair value, see Note 15 “Stock-Based Compensation and Employee Benefit Plans”, of the Consolidated Financial Statements in our 2014 Annual Report. For additional information regarding the specific terms of the RSUs with performance-based vesting granted to our NEOs in fiscal 2014, see the discussion of “Performance-Based RSU Program” in the “Compensation Discussion and Analysis” above.

[7] Reflects the maximum funding provided for under the Executive Bonus Plan for fiscal 2014. Mr. Probst was not awarded a cash bonus for fiscal 2014. Mr. Probst was awarded a one-time equity award in recognition for his services to the Company as Executive Chairman during fiscal 2014. For additional details, see “Executive Chairman Equity Award” and “Executive Bonus Plan” in the Compensation Discussion and Analysis” above.

[8] Mr. Probst was granted 10,000 RSUs on July 31, 2013 for his services as a Director for the 2013-2014 Board year. These RSUs vest as to 100% of the units on July 31, 2014.

[9] RSUs vest as to one-third of the units on May 17, 2014, May 17, 2015, and May 17, 2016.

[10] Stock options vest as to 24% of the options on November 1, 2014, then vest as to an additional 2% of the options on the first day of each month thereafter for the next 38 months.

[11] RSUs vest as to 100% of the units on February 18, 2017.

OUTSTANDING EQUITY AWARDS AT FISCAL 2014 YEAR-END

The following tables show information regarding outstanding stock options and outstanding RSUs held by the Named Executive Officers as of the end of fiscal 2014.

All stock options and RSUs were granted pursuant to EA's 2000 Equity Incentive Plan. The market value of the unvested time-based and performance-based RSU awards is determined by multiplying the number of unvested RSUs by $28.53, the closing price of the Company's common stock on March 28, 2014, the last trading day of fiscal 2014. For the RSU awards subject to performance-based vesting conditions as described in the footnotes to the Outstanding Stock Awards table below, the number of shares and their value assumes the achievement of target performance goals, unless otherwise noted.

	Outstanding Option Awards				
		Number of Securities Underlying Unexercised Options (#)	Number of Securities Underlying Unexercised Options (#)		
Name	Option Grant Date	Exercisable	Unexercisable	Option Exercise Price ($)	Option Expiration Date
Lawrence F. Probst III[(1)]	—	—	—	—	—
Andrew Wilson	10/31/2013	—	1,000,000[(2)]	26.25	10/31/2023
Blake J. Jorgensen	—	—	—	—	—
Frank D. Gibeau	9/2/2005	100,000	—	57.42	9/2/2015
	3/1/2006	35,000	—	52.03	3/1/2016
	8/16/2006	70,000	—	51.64	8/16/2016
	6/18/2007	35,000	—	49.71	6/18/2017
	8/16/2007	100,000	—	50.80	8/16/2017
Peter Moore	9/17/2007	350,000	—	53.73	9/17/2017
Patrick Söderlund	12/16/2008	70,000	—	16.06	12/16/2018
	8/17/2009	70,000	—	19.57	8/17/2019

(1) Mr. Probst has no outstanding option awards granted to him as Executive Chairman. Mr. Probst was previously employed by the Company from 1984 to September 2008, and served as our Chief Executive Officer from May 1991 until April 2007. He has outstanding option awards from his prior role as Chief Executive Officer that were granted to him from 2005 to 2006, and outstanding option awards granted to him as a Director of the Company from 2008 and 2009. As of March 29, 2014 (the last day of fiscal 2014), Mr. Probst held 541,100 unexercised stock options from these prior option awards.

(2) Time-based stock options that vest as to 24% of the options on November 1, 2014, then vest as to an additional 2% of the options on the first day of each month thereafter for the next 38 months.

Name	Grant Date	Outstanding Stock Awards — Time-Based Vesting Awards: Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That have Not Vested ($)	Performance-Based Vesting Awards: Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)
Lawrence F. Probst III	7/31/2013	10,000[(1)]	285,300	—	—
Andrew Wilson	6/18/2012	—	—	100,000[(2)]	2,853,000
	6/17/2013	—	—	75,000[(3)]	2,139,750
	6/16/2011	33,334[(4)]	951,019	—	—
	6/18/2012	50,000[(4)]	1,426,500	—	—
	7/27/2012	225,000[(5)]	6,419,250	—	—
	6/17/2013	75,000[(4)]	2,139,750	—	—
Blake J. Jorgensen	6/17/2013	—	—	65,000[(3)]	1,854,450
	9/17/2012	150,000[(6)]	4,279,500	—	—
	6/17/2013	65,000[(4)]	1,854,450	—	—
	2/18/2014	225,000[(7)]	6,419,250	—	—
Frank D. Gibeau	6/16/2011	—	—	33,334[(8)]	951,005
	6/18/2012	—	—	133,334[(2)]	3,804,019
	6/17/2013	—	—	100,000[(3)]	2,853,000
	6/16/2011	33,334[(4)]	951,019	—	—
	7/27/2012	66,667[(9)]	1,902,010	—	—
	7/27/2012	300,000[(5)]	8,559,000	—	—
	6/17/2013	100,000[(4)]	2,853,000	—	—
Peter Moore	6/16/2011	—	—	21,667[(8)]	618,160
	6/18/2012	—	—	100,000[(2)]	2,853,000
	6/17/2013	—	—	65,000[(3)]	1,854,450
	6/16/2011	21,667[(4)]	618,160	—	—
	6/18/2012	50,000[(4)]	1,426,500	—	—
	6/17/2013	65,000[(4)]	1,854,450	—	—
Patrick Söderlund	6/16/2011	—	—	25,000[(8)]	713,250
	6/18/2012	—	—	100,000[(2)]	2,853,000
	6/17/2013	—	—	75,000[(3)]	2,139,750
	6/16/2011	25,000[(4)]	713,250	—	—
	6/18/2012	50,000[(4)]	1,426,500	—	—
	7/27/2012	225,000[(5)]	6,419,250	—	—
	6/17/2013	75,000[(4)]	2,139,750	—	—

(1) Mr. Probst was granted 10,000 RSUs on July 31, 2013 for his services as a Director for the 2013-2014 Board year. These RSUs will vest as to 100% of the units on July 31, 2014.

(2) Represents RSUs with performance-based vesting at the maximum achievement level of 200% of target. The PRSUs granted to our NEOs in fiscal 2013 are referred to as "Market-Based Restricted Stock Units" in Note 15 "Stock-Based Compensation and Employee Benefit Plans", to the Consolidated Financial Statements in our 2014 Annual Report. The number of RSUs that vest will be based on EA's total stockholder return ("TSR") relative to the performance of those companies in the NASDAQ-100 Index on April 1, 2012 (the "Fiscal 2013 NASDAQ-100"). The TSR for the Company and the Fiscal 2013 NASDAQ 100 will be measured over a three-year performance period covering fiscal 2013 through 2015, with one year (fiscal 2013), two year (fiscal 2013 and 2014) and three year (fiscal 2013, 2014 and 2015) TSR measurement periods. The TSR for each measurement period will be calculated using a 90-day trailing average of the closing stock prices of the Fiscal 2013 NASDAQ-100 at the end of each measurement period as compared to the 90-day trailing average of the closing stock prices of the Fiscal 2013 NASDAQ-100 for the first 90 days of the measurement period. The actual number of shares that vest will be determined by the Compensation Committee based on the relative TSR for each measurement period and will range from zero to 200% of the target amount. In order to vest in 100% of the target number of PRSUs, the Company's TSR needs to be at the 60th percentile of the TSR of the Fiscal 2013 NASDAQ-100. In order to vest in 200% of the target number of PRSUs, the Company's TSR needs to be at or above the 94th percentile of the TSR of the Fiscal 2013 NASDAQ-100.

(3) Represents RSUs with performance-based vesting at the target achievement level. The PRSUs granted to our NEOs in fiscal 2014 are referred to as “Market-Based Restricted Stock Units” in Note 15 “Stock-Based Compensation and Employee Benefit Plans”, to the Consolidated Financial Statements in our 2014 Annual Report. The number of RSUs that vest will be based on EA’s total stockholder return (“TSR”) relative to the performance of those companies in the NASDAQ-100 Index on March 31, 2013, (the “Fiscal 2014 NASDAQ-100”). The TSR for the Company and the Fiscal 2014 NASDAQ 100 will be measured over a three-year performance period covering fiscal 2014 through 2016, with one year (fiscal 2014), two year (fiscal 2014 and 2015) and three year (fiscal 2014, 2015 and 2016) TSR measurement periods. The TSR for each measurement period will be calculated using a 90-day trailing average of the closing stock prices of the Fiscal 2014 NASDAQ-100 at the end of each measurement period as compared to the 90-day trailing average of the closing stock prices of the Fiscal 2014 NASDAQ-100 for the first 90 days of the measurement period. The actual number of shares that vest will be determined by the Compensation Committee based on the relative TSR for each measurement period and will range from zero to 200% of the target amount. In order to vest in 100% of the target number of PRSUs, the Company’s TSR needs to be at the 60th percentile of the TSR of the Fiscal 2014 NASDAQ-100 and the Company’s TSR must be positive. If the Company’s TSR is negative during a measurement period, the maximum number of shares that can be earned during that measurement period will be capped at 100% of the target number of PRSUs regardless of the actual TSR percentile ranking. In order to vest in 200% of the target number of PRSUs, the Company’s TSR needs to be at or above the 94th percentile of the TSR of the Fiscal 2014 NASDAQ-100. If less than the target number of shares are earned during the fiscal 2014 or the fiscal 2014 through fiscal 2015 measurement periods, up to the target number of shares from those periods can be earned based on the Company’s improved cumulative TSR Percentile versus the companies in the Fiscal 2014 NASDAQ-100 in a subsequent measurement period, (i.e. fiscal 2014 through fiscal 2015 or fiscal 2014 through fiscal 2016).

(4) Time-based RSUs with one-third of the units vesting one month prior to each of the first three anniversaries of the grant date.

(5) Time-based RSUs that vest as to 100% of the units on May 18, 2015.

(6) Time-based RSUs with one-fourth of the units vesting on each of the first four anniversaries of the grant date.

(7) Time-based RSUs that vest as to 100% of the units on February 18, 2017.

(8) Represents RSUs with performance-based vesting at the target achievement level. The PRSUs granted to our NEOs in fiscal 2012 are referred to as “Market-Based Restricted Stock Units” in Note 15 “Stock-Based Compensation and Employee Benefit Plans”, to the Consolidated Financial Statements in our 2014 Annual Report. The number of RSUs that vest will be based on EA’s total stockholder return (“TSR”) relative to the performance of those companies in the NASDAQ-100 Index on April 3, 2011 (the “Fiscal 2012 NASDAQ-100”). The TSR for the Company and the Fiscal 2012 NASDAQ 100 will be measured over a three-year performance period covering fiscal 2012 through 2014, with one year (fiscal 2012), two year (fiscal 2012 and 2013) and three year (fiscal 2012, 2013 and 2014) TSR measurement periods. The TSR for each measurement period will be calculated using a 90-day trailing average of the closing stock prices of the Fiscal 2012 NASDAQ-100 at the end of each measurement period as compared to the 90-day trailing average of the closing stock prices of the Fiscal 2012 NASDAQ-100 at the beginning of the measurement period. The actual number of shares that vest will be determined by the Compensation Committee based on the relative TSR for each measurement period and will range from zero to 200% of the target amount. In order to vest in 100% of the target number of PRSUs, the Company’s TSR needs to be at the 60th percentile of the TSR of the Fiscal 2012 NASDAQ-100. In order to vest in 200% of the target number of PRSUs, the Company’s TSR needs to be at or above the 94th percentile of the TSR of the Fiscal 2012 NASDAQ-100.

(9) Time-based RSUs with one-third of the units vesting on May 18, 2013, May 18, 2014, and May 18, 2015.

FISCAL 2014 OPTION EXERCISES AND STOCK VESTED TABLE

The following table shows all stock options exercised and value realized upon exercise and all RSUs and PRSUs vested and value realized upon vesting by the Named Executive Officers during fiscal 2014.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)[1]	Number of Shares Acquired on Vesting (#)[2]	Value Realized on Vesting ($)[3]
Lawrence F. Probst III	—	—	10,000	258,200
Andrew Wilson	40,000	235,400	159,667	3,824,604
Blake J. Jorgensen	—	—	50,000	1,348,000
Frank D. Gibeau	200,000	1,342,520	236,331	5,663,781
Peter Moore	125,000	885,250	177,101	4,206,910
Patrick Söderlund	—	—	190,942	4,546,052

(1) The value realized upon the exercise of stock options is calculated by: (a) subtracting the option exercise price from the market value on the date of exercise to determine the realized value per share, and (b) multiplying the realized value per share by the number of shares underlying the options exercised.

(2) Represents shares of EA common stock released upon vesting of RSUs and PRSUs during fiscal 2014.

(3) The value realized upon vesting of RSUs and PRSUs is calculated by multiplying the number of RSUs and PRSUs vested by the prior day's closing price of EA common stock on the vest date.

POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE OF CONTROL

Electronic Arts Key Employee Continuity Plan

All employees at the level of Vice President and above are eligible to participate in the Electronic Arts Inc. Key Employee Continuity Plan (the "CoC Plan"). The CoC Plan is a "double-trigger" plan which provides eligible employees, including our NEOs, with certain payments and benefits if their employment is terminated without "cause" or if they resign for "good reason" during the 12-month period following a change of control of the Company or if their employment is terminated without "cause" during the two-month period preceding a change of control of the Company. Eligible employees are not entitled to any payments or benefits in the event they voluntarily resign or are terminated for "cause". The CoC Plan payments and benefits include:

- a cash severance payment based on a multiple of the product of an eligible executive's base salary as in effect immediately prior to the termination of employment, plus his or her target annual bonus or annual incentive opportunity for the year in which his or her employment is terminated;
- continued health benefits for a period ranging from six to 18 months, depending on the eligible executive's position with the Company; and
- full vesting on the date of employment termination of all outstanding and unvested equity awards (other than performance-based awards, certain portions of which may be subject to award and acceleration depending on the specific terms of such awards). In the case of an equity award consisting of a stock option, such stock option shall continue to be exercisable for a period of three years from the severance date (or such longer period as may be prescribed in the plan or agreement governing such option), but in no event later than the expiration date of such option.

The cash severance payment that our CEO, Company-level Presidents and Executive Vice Presidents are entitled to receive upon a qualifying termination of employment is equal to 150% of the sum of their annual base salary and target bonus opportunity. Health benefits for these same positions may continue for up to 18 months. The CoC Plan does not provide for any additional payments or benefits (for example, tax gross-ups or reimbursements) in the event that the payments under the CoC Plan and other arrangements offered by the Company or its affiliates cause an executive officer to owe an excise tax under Section 280G of the Internal Revenue Code. However, the CoC Plan provides that, if an executive officer would receive a greater net after-tax benefit by having his or her CoC Plan payments reduced to an amount that would avoid the imposition of the Section 280G excise tax, his or her payment will be reduced accordingly.

As a condition to each executive employee's right to receive the payments and benefits provided under the CoC Plan, the executive is required to execute a waiver of claims against the Company and will be bound by the terms of a non-solicitation agreement prohibiting the executive for a one-year period following his or her termination of employment from soliciting employees to leave the Company.

Performance-Based RSUs

Messrs. Gibeau, Moore and Söderlund were each granted PRSUs in June 2011. Messrs. Wilson, Gibeau, Moore, and Söderlund, were each granted PRSUs in June 2012. All of our NEOs, except Mr. Probst were granted PRSUs in June 2013. The PRSUs may be earned based upon the relative total shareholder return ("TSR") percentile ranking of the Company as measured over a three year performance period with one, two, and three year TSR measurement periods. Pursuant to the terms of the PRSUs, and subject to the timely execution of a severance agreement and release, in the event of a change of control of EA prior to the expiration of the three-year performance period, the Committee shall certify the relative TSR percentile ranking of the Company as of the effective date of the change of control and that relative TSR percentile ranking will be applied to determine the number of shares that vest on each remaining vest date in the performance period. The vesting of the PRSUs may be accelerated to the earlier of: (a) the date on which, during the time period beginning on the effective date of the change of control and ending on the first anniversary of the effective date of the change of control, the recipient's employment is terminated without cause by EA or is terminated for good reason by the recipient; or (b) as of the effective date of the change of control if, during the two months immediately preceding the effective date of the change of control, the recipient's employment is terminated by EA without cause, and such termination is made in connection with the change of control, as determined by the Committee in its sole discretion. To the extent that the acceleration of the PRSUs, when taken together with other arrangements offered by EA or its affiliates, would cause a recipient of the PRSUs to owe an excise tax under Section 280G, the recipient's award would be reduced to an amount that would not cause the Section 280G excise tax to apply. Notwithstanding the foregoing, if the recipient would receive a greater net after-tax benefit by having the Section 280G excise tax apply, the reduction described in the previous sentence would not be made.

The following table sets forth potential payments under the CoC Plan and the terms of the PRSUs, as described above, to our NEOs (upon termination of employment without "cause" or for "good reason") in connection with a change of control of the Company. For purposes of the table below, we have assumed a termination date of March 28, 2014, the last business day of fiscal 2014. The closing price of our common stock on March 28, 2014 was $28.53.

Name	Cash Severance Award ($)[1]	Stock Options ($)[2]	Restricted Stock Units (time-based) ($)[3]	Restricted Stock Units (performance-based) ($)[4]	Other ($)[5]	Total ($)
Lawrence F. Probst III	772,500	—	285,300	—	51,897	1,109,697
Andrew Wilson	2,404,688	2,280,000	10,936,519	5,385,038	184,627	21,190,872
Blake J. Jorgensen	2,005,001	—	12,553,200	2,577,686	56,055	17,191,942
Frank D. Gibeau	2,171,250	—	14,265,029	7,959,870	75,933	24,472,082
Peter Moore	1,945,001	—	3,899,110	5,495,334	89,628	11,429,073
Patrick Söderlund	1,771,400	—	10,698,750	5,969,903	77,750	18,517,803

(1) Represents the sum of each NEO's annual base salary as of March 28, 2014 and target non-equity incentive opportunity for fiscal 2014, as set forth in the "Fiscal 2014 Summary Compensation Table" and the "Fiscal 2014 Grants of Plan-Based Awards Table", respectively, multiplied by 1.5 with respect to Messrs. Probst, Wilson, Jorgensen, Gibeau, Moore and Söderlund.

(2) Represents unvested outstanding options that would accelerate and vest on a qualifying termination in connection with a change of control occurring as of March 28, 2014.

(3) Represents the value of unvested time-based RSUs that would accelerate and vest on a qualifying termination of employment in connection with a change of control occurring on March 28, 2014 as calculated by multiplying the number of time-based RSUs that would accelerate by the per-share closing price of our common stock on March 28, 2014.

(4) Represents the value of unvested PRSUs that would accelerate and vest on a qualifying termination of employment in connection with a change of control occurring on March 28, 2014. For purposes of the table,

we assumed that: based on the relative TSR percentile ranking of the Company as compared to that of the benchmark NASDAQ-100 Companies, as of March 28, 2014, the PRSUs granted to Messrs Gibeau, Moore and Söderlund in fiscal 2012 would accelerate and vest as to 82% of the target number of shares for each remaining vest date in the performance period, and the PRSUs granted to Messrs. Wilson, Gibeau, Moore and Söderlund in fiscal 2013 would accelerate and vest as to 169% of the target number of shares for each remaining vest date in the performance period, and the PRSUs granted to Messrs. Wilson, Jorgensen, Gibeau, Moore and Söderlund in fiscal 2014 would accelerate and vest as to 139% of the target number of shares for each remaining vest date in the performance period.

(5) Includes eighteen months of post-termination health benefits and accrued paid time off or vacation benefits, as applicable.

EQUITY COMPENSATION PLAN INFORMATION

We have two equity incentive plans (excluding plans assumed or adopted by EA in connection with acquisitions, as described in the footnotes below) that have been approved by our stockholders and under which our common stock is or has been authorized for issuance to employees or directors: the 2000 Equity Incentive Plan and the 2000 Employee Stock Purchase Plan.

The following table and related footnotes gives aggregate information regarding grants under all of our equity incentive plans as of the end of fiscal 2014, including the 2000 Equity Incentive and 2000 Employee Stock Purchase Plans.

Plan Category[1]	Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column A)
	(A)	(B)	(C)
Equity compensation plans approved by security holders	20,836,238[2]	$37.39[3]	31,746,546[4]
Total	20,836,238[5]		31,746,546

[1] The table does not include information for equity incentive plans we assumed in connection with our acquisitions of JAMDAT Mobile Inc. in 2006 and VG Holding Corp. in 2008. As of March 29, 2014, a total of: (a) 10,470 shares were issuable upon exercise of outstanding options issued under the JAMDAT 2004 Equity Incentive Plan with a weighted-average exercise price of $53.34; and (b) a total of 10,299 shares were issuable upon exercise of outstanding options with a weighted-average exercise price of $40.55 under the VG Holding Corp. 2005 Stock Incentive Plan, as amended. No shares remain available for issuance under the JAMDAT plan and no further grants will be made under the VGH plan.

[2] Includes (a) 5,290,004 shares of common stock issuable upon exercise of outstanding options under the 2000 Equity Incentive Plan, with a weighted-average exercise price of $37.39; and (b) 15,546,234 unvested RSUs outstanding under the 2000 Equity Incentive Plan.

[3] Restricted stock unit awards do not have an exercise price and therefore are not included in the calculation of the weighted-average exercise price.

[4] Includes (a) 24,244,882 shares available for issuance under the 2000 Equity Incentive Plan and (b) 7,501,664 shares available for purchase by our employees under the 2000 Employee Stock Purchase Plan.

[5] The total number of securities to be issued upon exercise of outstanding options, warrants, and rights, including the total number of securities referenced in footnote (1), above, is 20,857,007.

OTHER INFORMATION

RELATED PERSON TRANSACTIONS POLICY

Our Board of Directors has adopted a written Related Person Transactions Policy. The purpose of the policy is to describe the procedures used to identify, review, approve or ratify and, if necessary, disclose (i) any transaction, arrangement or relationship (or any series of similar transactions, arrangements or relationships) in which EA (including any of its subsidiaries) was, is or will be a participant and the amount involved exceeds $120,000, and in which any "related person" had, has or will have a direct or indirect interest, or (ii) any transaction for which EA's Global Code of Conduct would require approval of the Board of Directors. For purposes of the policy, a "related person" is (a) any person who is, or at any time since the beginning of EA's last fiscal year was, a director or executive officer of EA or a nominee to become a director of EA, (b) any person who is known to be the beneficial owner of more than 5% of any class of EA's voting securities, (c) any immediate family member or person sharing the household (other than a tenant or employee) of any of the foregoing persons, and (d) any firm, corporation or other entity in which any of the foregoing persons is employed or is a partner or principal or in a similar position or in which such person has a 10% or greater beneficial ownership interest.

Once a potential related person transaction has been identified, the Audit Committee (if the transaction involves an executive officer of the Company) or the Nominating and Governance Committee (if the transaction involves

a director of EA) will review the transaction at the next scheduled meeting of such committee. In those instances in which it is not practicable or desirable to wait until the next scheduled committee meeting, the chairperson of the applicable committee shall consider the matter and report back to the relevant committee at the next scheduled meeting.

In determining whether to approve or ratify a related person transaction, the Audit Committee or Nominating and Governance Committee (or the relevant chairperson of such committee) shall consider all of the relevant facts and circumstances available. No member of the Audit Committee or Nominating and Governance Committee shall participate in any review, consideration or approval of any related person transaction with respect to which such member or any of his or her immediate family members is the related person. The Audit Committee and Nominating and Governance Committee (or the relevant chairperson) shall approve only those related person transactions that are in, or are not inconsistent with, the best interests of EA and its stockholders, as determined in good faith.

CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS

We enter into indemnification agreements with each of the members of our Board of Directors at the time they join the Board of Directors to indemnify them to the extent permitted by law against any and all liabilities, costs, expenses, amounts paid in settlement and damages incurred by the directors as a result of any lawsuit, or any judicial, administrative or investigative proceeding in which the directors are sued or charged as a result of their service as members of our Board of Directors.

Scott Probst

Scott Probst, the son of our Executive Chairman, has been employed by the Company since 2003, most recently as a senior games producer. In fiscal 2014, the aggregate value of his total compensation, including base salary, bonus award, and grant-date value of equity awards was less than $300,000, consistent with compensation provided to other EA employees in similar positions. The Compensation Committee, on behalf of the Nominating and Governance Committee, reviews the compensation decisions involving Scott Probst in accordance with our Related Person Transactions Policy.

Other Relationships

In addition, we have engaged, and expect to continue to engage, in what we consider to be arm’s length commercial dealings with Google Inc. Mr. Huber is a Senior Vice President at Google, working on projects in the Google X division. Our significant commercial arrangements with Google include providing Android applications on the Google Play platform, using a variety of Google’s advertising and analytics services, and offering casual games in the Chrome Web Store. To date, these transactions have not been material to us or to Google. Mr. Huber has no material direct or indirect interest in any of our commercial dealings with Google, and therefore we do not consider these dealings to be “related person transactions” within the meaning of applicable SEC rules. Our Board of Directors considered our dealings with Google in reaching its determination that Mr. Huber is an independent director.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

During fiscal 2014, the Compensation Committee consisted of Mr. Hoag, Mr. Paul and Mr. Coleman, who was appointed to the Committee on December 10, 2013. None of these individuals is an employee or current or former officer of EA. No EA officer serves or has served since the beginning of fiscal 2014 as a member of the board of directors or the compensation committee of a company at which a member of EA’s Compensation Committee is an employee or officer.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires EA’s directors and executive officers, and persons who own more than 10% of a registered class of EA’s equity securities, to file reports of ownership and changes in ownership of common stock and other equity securities of EA. We have adopted procedures to assist EA’s directors and officers in complying with these requirements, which include assisting officers and directors in preparing forms for filing.

To EA's knowledge, based solely upon review of such reports furnished to us and written representations that no other reports were required, we believe that during the fiscal year ended March 31, 2014, all Section 16(a) filing requirements applicable to our officers, directors and greater-than-ten-percent stockholders were complied with on a timely basis.

STOCKHOLDER PROPOSALS FOR 2015 ANNUAL MEETING

If you would like us to consider a proposal to be included in our 2015 proxy statement and proxy card, you must deliver it to the Company's Corporate Secretary at our principal executive office no later than February 13, 2015.

Stockholders who otherwise wish to present a proposal at the 2015 Annual Meeting must deliver written notice of the proposal to our Corporate Secretary at Electronic Arts Inc., 209 Redwood Shores Parkway, Redwood City, CA 94065, by the close of business no earlier than April 2, 2015 and no later than May 1, 2015 (provided, however, that if the 2015 Annual Meeting is held earlier than July 1, 2015 or later than August 30, 2015, proposals must be received no later than the close of business on the later of the 90th day prior to the 2015 Annual Meeting or the 10th day following the day on which public announcement of the 2015 Annual Meeting is first made). The submission must include certain information concerning the stockholder and the proposal, as specified in the Company's amended and restated bylaws. Our amended and restated bylaws are included as an exhibit to a Current Report on Form 8-K we filed with the SEC on August 1, 2013, which you may access through the SEC's electronic data system called EDGAR at *www.sec.gov*. You may also request a copy of our amended and restated bylaws by contacting our Corporate Secretary at the address above.

HOUSEHOLDING OF PROXY MATERIALS

The SEC has adopted rules that permit companies and intermediaries (e.g., brokers) to satisfy the delivery requirements for notices of Internet availability of proxy materials, proxy statements and annual reports with respect to two or more stockholders sharing the same address by delivering a single notice, proxy statement and/or annual report addressed to those stockholders. This process, which is commonly referred to as "householding," potentially means extra convenience for stockholders and cost savings for companies.

A number of brokers with account holders who are EA stockholders will be "householding" our notices and proxy materials. A single notice or set of proxy materials will be delivered to multiple stockholders sharing an address unless contrary instructions have been received from the affected stockholders. Once you have received notice from your broker that they will be "householding" communications to your address, "householding" will continue until you are notified otherwise or until you revoke your consent. If, at any time, you no longer wish to participate in "householding" and would prefer to receive a separate notice or proxy materials, please notify your broker, direct your written request to our Corporate Secretary at our principal executive office at 209 Redwood Shores Parkway, Redwood City, CA 94065, or contact our Corporate Secretary at (650) 628-1500. Upon request, we will undertake to promptly deliver separate copies of our notice or proxy materials. Stockholders who currently receive multiple copies of the notice or proxy materials at their address and would like to request "householding" of their communications should contact their broker.

OTHER BUSINESS

The Board of Directors does not know of any other matter that will be presented for consideration at the Annual Meeting except as specified in the notice of the meeting. If any other matter does properly come before the Annual Meeting, or at any adjournment or postponement of the Annual Meeting, it is intended that the proxies will be voted in respect thereof in accordance with the judgment of the persons voting the proxies.

By Order of the Board of Directors,

Jacob J. Schatz
Senior Vice President, General Counsel and Corporate Secretary

APPENDIX A

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES TO THE MOST DIRECTLY COMPARABLE GAAP FINANCIAL MEASURES

The Proxy Statement Summary and Highlights and the Compensation Discussion and Analysis in this Proxy Statement contain non-GAAP financial measures. The table below reconciles these non-GAAP financial measures to the most directly comparable financial measures prepared in accordance with U.S. Generally Accepted Accounting Principles ("GAAP"):

	Fiscal Year Ended March 31, 2014 (In millions, except per share data, unaudited)
GAAP net revenue	$3,575
Change in deferred net revenue (online-enabled games)	446
Non-GAAP net revenue	$4,021
GAAP total digital net revenue	$1,833
Change in deferred net revenue (online-enabled games)	(40)
Non-GAAP total digital net revenue	$1,793
GAAP mobile and handheld digital net revenue	$ 406
Change in deferred net revenue (online-enabled games)	53
Non-GAAP mobile and handheld digital net revenue	$ 459
GAAP gross profit	$2,228
Acquisition-related expenses	60
Change in deferred net revenue (online-enabled games)	446
Stock-based compensation	2
Non-GAAP gross profit	$2,736
GAAP operating income	$ 33
Acquisition-related expenses	41
Change in deferred net revenue (online-enabled games)	446
College football settlement expenses	48
Restructuring and other	(1)
Stock-based compensation	150
Non-GAAP operating income	$ 717
GAAP operating income % (as a % of GAAP net revenue)	*1%*
Non-GAAP operating income % (as a % of non-GAAP net revenue)	*18%*
GAAP operating expenses	$2,195
Acquisition-related expenses	19
College football settlement expenses	(48)
Restructuring and other	1
Stock-based compensation	(148)
Non-GAAP operating expenses	$2,019
GAAP net income	$ 8
Acquisition-related expenses	41
Amortization of debt discount	21
Change in deferred net revenue (online-enabled games)	446
College football settlement expenses	48
Restructuring and other	(1)
Stock-based compensation	150
Income tax adjustments	(179)
Non-GAAP diluted net income	$ 534
GAAP diluted earnings per share	$ 0.03
Non-GAAP diluted earnings per share	$ 1.69
Number of diluted shares used in computation	
GAAP	316
Non-GAAP	316

About Non-GAAP Financial Measures

To supplement the Company's consolidated financial statements presented in accordance with GAAP, we use 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. These non-GAAP financial measures exclude the following items, as applicable in a given reporting period, from the Company's consolidated statements of operations:

- Acquisition-related expenses
- Amortization of debt discount
- Change in deferred net revenue (online-enabled games)
- College football settlement expenses
- Restructuring charges
- Stock-based compensation
- Income tax adjustments

We believe 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. Our management uses, and believes that investors benefit from referring to, these non-GAAP financial measures in assessing the Company's operating results both as a consolidated entity and at the business unit level, as well as when planning, forecasting and analyzing future periods. These non-GAAP financial measures also facilitate comparisons of the Company's performance to prior periods.

In addition to the reasons stated above, which are generally applicable to each of the items we exclude from our non-GAAP financial measures, we believe it is appropriate to exclude certain items for the following reasons:

Acquisition-Related Expenses. GAAP requires expenses to be recognized for various types of events associated with a business acquisition. These events include, expensing acquired intangible assets, including acquired in-process technology, post-closing adjustments associated with changes in the estimated amount of contingent consideration to be paid in an acquisition, and the impairment of accounting goodwill created as a result of an acquisition when future events indicate there has been a decline in its value. When analyzing the operating performance of an acquired entity, Electronic Arts' management focuses on the total return provided by the investment (i.e., operating profit generated from the acquired entity as compared to the purchase price paid including the final amounts paid for contingent consideration) without taking into consideration any allocations made for accounting purposes. When analyzing the operating performance of an acquisition in subsequent periods, the Company's management excludes the GAAP impact of any adjustments to the fair value of these acquisition-related balances to its financial results.

Amortization of Debt Discount on the Convertible Senior Notes. Under GAAP, certain convertible debt instruments that may be settled in cash on conversion are required to be separately accounted for as liability (debt) and equity (conversion option) components of the instrument in a manner that reflects the issuer's non-convertible debt borrowing rate. Accordingly, for GAAP purposes, we are required to amortize as a debt discount an amount equal to the fair value of the conversion option as interest expense on the Company's $632.5 million of 0.75% convertible senior notes that were issued in a private placement in July 2011 over the term of the notes. Electronic Arts' management excludes the effect of this amortization in its non-GAAP financial measures.

Change in Deferred Net Revenue (Online-enabled Games). The majority of our software games can be connected to the Internet whereby a consumer may be able to download unspecified content or updates on a when-and-if-available basis ("unspecified updates") for use with the original game software. In addition, we may also offer an online matchmaking service that permits consumers to play against each other via the Internet. GAAP requires us to account for the consumer's right to receive unspecified updates or the matchmaking service

for no additional fee as a "bundled" sale, or multiple-element arrangement. Electronic Arts is not able to objectively determine the fair value of these unspecified updates or online service included in certain of its online-enabled games. As a result, the Company recognizes the revenue from the sale of these online-enabled games on a straight-line basis over the estimated offering period. Electronic Arts' management excludes the impact of the change in deferred net revenue related to online-enabled games in its non-GAAP financial measures for the reasons stated above and also to facilitate an understanding of our operations because all related costs of revenue are expensed as incurred instead of deferred and recognized ratably.

College Football Settlement Expenses. During fiscal 2014, Electronic Arts recognized a $48 million charge for expected litigation settlement and license expenses related to our college football business. This expense is excluded from our non-GAAP financial measures.

Restructuring Charges. Although Electronic Arts has engaged in various restructuring activities in the past, each has been a discrete event based on a unique set of business objectives. Each of these restructurings has been unlike its predecessors in terms of its operational implementation, business impact and scope. As such, the Company believes it is appropriate to exclude restructuring charges from its non-GAAP financial measures.

Stock-Based Compensation. When evaluating the performance of its individual business units, the Company does not consider stock-based compensation charges. Likewise, the Company's management teams exclude stock-based compensation expense from their short and long-term operating plans. In contrast, the Company's management teams are held accountable for cash-based compensation and such amounts are included in their operating plans. Further, when considering the impact of equity award grants, Electronic Arts places a greater emphasis on overall shareholder dilution rather than the accounting charges associated with such grants.

Income Tax Adjustments. 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% 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 2014, the Company has applied a tax rate of 25% to its non-GAAP financial results.

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2014 Annual Report on Form 10-K

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended March 31, 2014

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File No. 000-17948

ELECTRONIC ARTS INC.
(Exact name of registrant as specified in its charter)

Delaware	**94-2838567**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*
209 Redwood Shores Parkway **Redwood City, California**	**94065**
(Address of principal executive offices)	*(Zip Code)*

Registrant's telephone number, including area code:
(650) 628-1500

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, $0.01 par value	NASDAQ Global Select Market

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☑ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☑

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☑ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

The aggregate market value of the registrant's common stock, $0.01 par value, held by non-affiliates of the registrant as of September 27, 2013, the last business day of our second fiscal quarter, was $5,271 million.

As of May 19, 2014 there were 314,539,637 shares of the registrant's common stock, $0.01 par value, outstanding.

Documents Incorporated by Reference

Portions of the registrant's definitive proxy statement for its 2014 Annual Meeting of Stockholders are incorporated by reference into Part III hereof.

ELECTRONIC ARTS INC.
2014 FORM 10-K ANNUAL REPORT

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CAUTIONARY NOTE ABOUT FORWARD-LOOKING STATEMENTS

This Report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical fact, made in this Report are forward looking. Examples of forward-looking statements include statements related to industry prospects, our future economic performance including anticipated revenues and expenditures, results of operations or financial position, and other financial items, our business plans and objectives, including our intended product releases, and may include certain assumptions that underlie the forward-looking statements. We use words such as "anticipate," "believe," "expect," "intend," "estimate" (and the negative of any of these terms), "future" and similar expressions to help identify forward-looking statements. These forward-looking statements are subject to business and economic risk and reflect management's current expectations, and involve subjects that are inherently uncertain and difficult to predict. Our actual results could differ materially from those in the forward-looking statements. We will not necessarily update information if any forward-looking statement later turns out to be inaccurate. Risks and uncertainties that may affect our future results include, but are not limited to, those discussed under the heading "Risk Factors," beginning on page 12.

PART I

Item 1: *Business*

Overview

We develop, market, publish and distribute game software content and services that can be played by consumers on a variety of video game machines and electronic devices (which we call "platforms"). These platforms include video game consoles (such as the Microsoft Xbox 360 and One and the Sony PlayStation 3 and 4), personal computers ("PCs"), and mobile phones and tablets.

Our Strategy

Leverage Core Intellectual Properties

A cornerstone of our strategy is to leverage established intellectual properties (which we call "brands") to create year-round gaming experiences on multiple platforms, each capable of delivering additional content and revenue over extended periods of time. As an example, in recent years we have released yearly iterations of our FIFA-branded soccer products for console, PC and mobile platforms; by providing additional content and services for these products, we are able to extend the period of time over which consumers engage with these products. We also seek to create and similarly leverage new intellectual properties with the potential to become established franchises, such as the EA SPORTS UFC mixed-martial arts product expected to be released in June 2014.

Our portfolio of brands spans a diverse range of categories (including action-adventure, casual, family, fantasy, first-person shooter, horror, science fiction, role-playing, racing, simulation, sports, and strategy) and includes wholly-owned brands such as Battlefield, Mass Effect, Need for Speed, Dragon Age, The Sims, Bejeweled and Plants v. Zombies, as well as brands based on licensed intellectual property such as FIFA, Madden NFL and Star Wars.

In our experience, leveraging strong brands with mass consumer appeal allows us to create iterative brand-based products and services (e.g., sequels, prequels, spinoffs and installments) that can be sold across a range of platforms to an established consumer base over extended periods of time.

Focused Product Portfolio

In recent years, we have narrowed our product portfolio to reduce costs and to focus on developing products with the potential to become hit products. For example, in fiscal year 2011, we published over 30 titles for console and PC, while in fiscal year 2014 we published 11; in fiscal year 2015, we expect to release 10 titles for console and PC. We have similarly reduced the number of major mobile titles we publish.

Publish on Multiple Platforms

Our ability to deliver our products and services across multiple platforms has been, and will continue to be, another cornerstone of our business strategy. We believe the ability to successfully publish across multiple platforms is critical to maintaining and growing our overall consumer base, which continues to evolve in response to the introduction of new platforms and platform business models.

- *New Consoles*. We are highly focused on developing games and services for Xbox One and PlayStation 4, which were each released in November 2013. The rates at which consumers purchase these new consoles and our ability to release commercially successful products on them will be critical to our success.
- *Legacy Consoles*. Though industry sales of major games for Xbox 360 and PlayStation 3 declined significantly during our 2014 fiscal year, these legacy platforms maintain a sizeable user base and we expect to continue to develop and market products for each of them in the near term.
- *Mobile*. We develop and publish games for mobile phones and tablets ("mobile games"). The market for mobile games addresses a significantly wider demographic than that of games traditionally played on consoles and PCs, has low barriers to entry and is crowded with thousands of product offerings. We believe the consumer recognition associated with our wholly-owned and licensed brands helps to differentiate our offerings in order to acquire customers in this crowded market. In addition, our free-to-play, micro-transaction mobile game offerings allow consumers to try and play our games with no up-front cost, reducing a major barrier to initial customer acquisition.
- *PC Free-to-Play*. We publish, directly and through publishing partners, free-to-play, micro-transaction-based games that can be played on PCs directly over the Internet such as FIFA Online. The mass introduction and wide consumer acceptance of free-to-play, micro-transaction-based PC games has created a large addressable market.
- *PC & Origin*. We digitally distribute PC downloadable games directly to consumers via our online Origin portal. The Origin portal, as well as the Origin client application integrated into our PC games, provide opportunities to acquire and maintain direct on-going relationships with consumers.

New online-enabled gaming platforms, such as "micro-consoles" offered in entertainment set-top boxes, have emerged and are expected to continue to emerge in the future. We intend to evaluate new platform publishing opportunities on a case-by-case basis as they emerge.

Digital Revenue Growth

We are investing in strategies and capabilities that will allow us to enhance our digitally delivered and online-enabled product and service offerings. Historically, our revenue came mainly from selling disc-based video game products through retailers (we call these "packaged goods" products). Now, we also derive significant and increasing revenue from the delivery of games, additional content and services through online and wireless networks, which we refer to as "digital revenue." For example:

- Consumers can purchase and download our PC games (and those of other publishers) directly through our Origin online platform, as well as through third-party online download stores and services;
- Consumers can purchase and acquire digitally-delivered console games, additional content and enhanced online services directly through Sony's PlayStation Network and Microsoft's Xbox LIVE Marketplace;
- Our mobile and PC free-to-play games, which are monetized through discrete digital micro-transactions, are available only through wireless and online delivery; and
- We offer large-scale, massively multi-player online games and game services on a free-to-play and subscription basis.

We believe that digital revenue, which is frequently higher-margin relative to packaged goods sales revenue, will continue to increase in relative and absolute terms.

Direct Consumer Relationship; Games-as-a-Service

We believe establishing and maintaining direct relationships with our consumers and supporting the evolution of a games-as-a-service business model are strategic priorities.

By acquiring direct relationships with consumers, we are able to market products and services in a direct, targeted manner, often in response to purchasing history or playing behavior. We believe this reduces overall customer acquisition and marketing costs.

With network-connected gameplay and digitally-delivered content, features and services, which have become core elements of the experience we offer to consumers, we are able to update, evolve and refresh our product offerings over extended periods, increasing both consumer engagement and product life. Additionally, many of our brands offer different products and services on various respective platforms, offering consumers the opportunity to engage with their favorite brands more frequently and at different points in time (e.g., on a console in the home, with a mobile device on the go, and on a PC at work). As a result, we can offer consumers an always-on, multi-platform, live service organized around one of their favorite brands.

Global Operations

We were initially incorporated in California in 1982. In September 1991, we were reincorporated under the laws of Delaware. Our principal executive offices are located at 209 Redwood Shores Parkway, Redwood City, California 94065 and our telephone number is (650) 628-1500.

We operate development studios in North America, Europe, Asia and Australia. We also engage third parties to assist with the development of our games at their own development and production studios. Internationally, we conduct business through our international headquarters in Switzerland and have wholly-owned subsidiaries throughout the world, including offices in Europe, Australia, Asia and Latin America.

Our North America net revenue was $1,510 million in fiscal year 2014, as compared to $1,701 million in fiscal year 2013 and $1,991 million in fiscal year 2012. International net revenue (revenue derived from countries other than Canada and the United States) decreased by 1 percent to $2,065 million, or 58 percent of total net revenue in fiscal year 2014, as compared to $2,096 million, or 55 percent of total net revenue in fiscal year 2013 and as compared to $2,152 million, or 52 percent of total net revenue in fiscal year 2012. We attribute net revenue from external customers to individual countries based on the location of the legal entity that sells the products and/or services. Note that revenue attributed to the legal entity that makes the sale is often not the country where the consumer resides. For example, revenue generated by our Swiss legal entities includes digital revenue from consumers who reside outside of Switzerland, including consumers who reside outside of Europe. Revenue generated by our Swiss legal entities during fiscal years 2014, 2013, and 2012 represents $1,171 million, $885 million and $589 million or 33 percent, 23 percent and 14 percent of our total net revenue, respectively. Revenue generated in the United States represents over 99 percent of our total North America net revenue. There were no other countries with net revenue greater than 10 percent. The amounts of net revenue and long-lived assets attributable to each of our geographic regions for each of the last three fiscal years are set forth in Note 18 of the Notes to Consolidated Financial Statements included in Item 8 of this report.

In fiscal year 2014, revenue from sales of *FIFA 14* represented approximately 15 percent of our total net revenue. In fiscal year 2013, revenue from sales of *FIFA 13* represented approximately 17 percent of our total net revenue. In fiscal year 2012, revenue from sales of *FIFA 12* and *Battlefield 3* represented approximately 13 percent and 11 percent, respectively of our total net revenue.

For the fiscal years ended March 31, 2014, 2013 and 2012, research and development expenses were $1,125 million, $1,153 million and $1,180 million, respectively.

Our Operating Structure

Our studios and development teams are organized around three divisions: EA Studios, Maxis, and EA Mobile. Each division operates globally with support from our Global Publishing and Marketing organization.

EA Studios

EA Studios is home to the largest number of our studios and development teams and responsible for developing games and related content and services across an expansive range of game categories. The FIFA, Madden NFL, Need for Speed, Battlefield, Mass Effect and Dragon Age franchises fall within the EA Studios organization. The largest studios within the EA Studios organization include:

- DICE (Sweden)
- EA Canada (Canada)
- Tiburon (United States)
- BioWare (Canada and United States)
- Visceral (United States)

The diverse studios within the EA Studios organization have the goal of operating as one collaborative organization through the use of common technologies and shared development frameworks. We may also contract with external game developers for development services or to establish publishing and distribution relationships, such as the one we have with Respawn Entertainment related to *Titanfall*.

Maxis

Our Maxis organization focuses on creating compelling games and related content and services that engage player creativity. Maxis products include the wholly-owned franchises The Sims and SimCity. Maxis games are primarily developed at studios in the United States.

EA Mobile

Our EA Mobile organization develops and publishes interactive games for play on mobile phones and tablets, as well as certain casual games for the PC. The Mobile organization's brand portfolio includes wholly owned properties such as Plants vs. Zombies, Real Racing, Bejeweled and Dungeon Keeper, as well licensed intellectual properties such as Tetris, The Simpsons and various intellectual properties owned by Hasbro. The EA Mobile organization also manages our Pogo online service, through which we offer casual games such as card, puzzle and word games on www.pogo.com, as well as on other platforms. Pogo generates revenue through paid subscriptions, Internet-based advertising and sales of digital content. The EA Mobile organization has studios located in the United States, Canada, China, Australia and India. Certain mobile games, such as those related to our EA SPORTS franchises, are developed primarily by the EA Studios organization.

Global Publishing and Marketing

Our Global Publishing and Marketing organization is responsible for the distribution, sales, and marketing of our products, including strategic planning, operations, and manufacturing functions. The organization also manages our global media advertising sales business and customer support teams. Mobile game publishing is overseen by our EA Mobile organization.

Competition

We compete with other video game companies for the leisure time and discretionary spending of consumers, as well as with providers of different forms of entertainment, such as motion pictures, television, social networking, online casual entertainment, and music. Our competitors vary in size from very small companies with limited resources to very large, diversified corporations with global operations and greater financial resources than ours. We also face competition from other video game companies and large media companies to obtain license agreements for the right to use some of the intellectual property included in our products.

Competition in Games for Console Devices and PCs

We compete directly with Sony and Microsoft, each of which develops and publishes software for its respective console platform. We also compete with numerous companies which, like us, develop and publish premium

video games that operate on these consoles and on PCs. These competitors include Activision Blizzard, Take-Two Interactive, and Ubisoft. Diversified media companies such as Disney are also involved in software game development and publishing.

Competition in Games for Mobile Devices

The marketplace for mobile games is characterized by frequent product introductions, rapidly emerging new mobile platforms, new technologies, new mobile application storefronts and thousands of game offerings. As the penetration of mobile devices that feature fully-functional browsers and additional gaming capabilities continues to deepen, the demand for applications continues to increase and there are more mobile application storefronts through which developers can offer products. Mobile game applications are currently being offered by a wide range of competitors, including King, Supercell, DeNA, Gameloft and Zynga, and hundreds of smaller companies. We expect new competitors to enter the market and existing competitors to allocate more resources to develop and market competing applications. As a result, we expect competition in the mobile entertainment market to continue to intensify.

Competition in PC Free-to-Play Online Gaming Services

The PC free-to-play games market is characterized by frequent product introductions. We expect new competitors to enter the market and existing competitors to allocate more resources toward developing PC free-to-play online game services. As a result, we expect competition in this market to intensify. Our competitors in this market include major media companies, traditional video game publishing companies, and companies that specialize in online games such as Tencent and Nexon.

Intellectual Property

Like other entertainment companies, our business is based on the creation, acquisition, exploitation and protection of intellectual property. Some of this intellectual property is in the form of software code, patented technology, and other technology and trade secrets that we use to develop our games and to make them run properly. Other intellectual property is in the form of audio-visual elements that consumers can see, hear and interact with when they are playing our games – we call this form of intellectual property "content."

We develop products and services from wholly-owned intellectual properties we create within our own studios and obtain through acquisitions. In addition, we obtain content and intellectual property through licenses and service agreements such as those with sports leagues and players' associations, movie studios and performing talent, authors and literary publishers, music labels, music publishers and musicians. These agreements typically limit our use of the licensed rights in products for specific time periods. In addition, our products that play on game consoles and mobile devices, or other proprietary platforms may include technology that is owned by the device manufacturer or platform operator and licensed non-exclusively to us for use. We also license technology from other providers. While we may have renewal rights for some licenses, our business and the justification for the development of many of our products is dependent on our ability to continue to obtain the intellectual property rights from the owners of these rights on reasonable terms.

We actively engage in enforcement and other activities to protect our intellectual property. We typically own the copyright to our software code and content, as well as the brand or title name trademark under which our products are marketed. We register copyrights and trademarks in the United States and other countries as appropriate.

As with other forms of entertainment, our products are susceptible to unauthorized copying and piracy. We typically distribute our PC products using copy protection technology, digital rights management technology or other technological protection measures to prevent piracy and the use of unauthorized copies of our products. In addition, console manufacturers typically incorporate technological protections and other security measures in their consoles in an effort to prevent the use of unlicensed product. We are actively engaged in enforcement and other activities to protect against unauthorized copying and piracy, including monitoring online channels for distribution of pirated copies, and participating in various industry-wide enforcement initiatives, education programs and legislative activity around the world.

Significant Relationships

Channel Partners

Sony. Under the terms of agreements we have entered into with Sony Computer Entertainment Inc. and its affiliates, we are authorized to develop and distribute disc-based and digitally-delivered software products and services compatible with PlayStation 3 and 4. As of the date of this filing, we have not entered into a new licensed publisher agreement with Sony for PlayStation 4, and the parties currently operate under the terms of existing agreements subject to a new pricing structure with respect to PlayStation 4.

Microsoft. Under the terms of agreements we have entered into with Microsoft Corporation and its affiliates, we are authorized to develop and distribute disc-based and digitally-delivered software products and services compatible with Xbox 360 and Xbox One. Our publisher license agreement with Microsoft to publish our products for Xbox One is included in Exhibit 10.27 of this Form 10-K.

Under the agreements with Sony and Microsoft, we are provided with the non-exclusive right to use, for a fixed term and in a designated territory, technology that is owned or licensed by the console manufacturer in order to publish our games on such platform. Our transactions for disc-based products are made pursuant to individual purchase orders, which are accepted on a case-by case basis by Sony or Microsoft (or their designated replicators), as the case may be. Many key commercial terms of our relationships with Sony and Microsoft – such as manufacturing terms, delivery times, platform policies and approval conditions – are determined unilaterally, and are subject to change by the console manufacturers. For packaged goods products, we pay the console manufacturers a per-unit royalty for each unit manufactured. With respect to digitally-delivered products, other online content and services sold by the console manufacturers, the console manufacturers pay us either a wholesale price or a percentage royalty on the revenue they derive from their sales.

The platform license agreements also require us to indemnify the manufacturers with respect to all loss, liability and expense resulting from any claim against the manufacturer regarding our games and services, including any claims for patent, copyright or trademark infringement brought against the manufacturer. Each platform license may be terminated by the manufacturer if a breach or default by us is not cured after we receive written notice from the manufacturer, or if we become insolvent. The manufacturers are not obligated to enter into platform license agreements with us for any future consoles, products or services.

Apple, Google and Other App Stores. We have agreements to distribute our mobile applications through distribution partners worldwide, including Apple and Google. Consumers download our applications for their mobile devices from third party-application storefronts. The distributor invoices the consumers a one-time fee if there is a cost to download the application. If the application is a “free-to-download” application, the distributor invoices the consumer for micro-transactions that are purchased by the consumer within the application. Our distribution agreements establish the fees to be retained by the distributor for distributing our applications. These arrangements are typically terminable on short notice. The agreements generally do not obligate the distributors to market or distribute any of our applications.

Retailers

In North America and Europe, our largest markets, we sell packaged goods products to retailers, including mass market retailers (such as Walmart), electronics specialty stores (such as Best Buy) or game software specialty stores (such as GameStop).

Our direct sales to GameStop Corp. represented approximately 13 percent, 13 percent and 15 percent of total net revenue in fiscal years 2014, 2013, and 2012, respectively. Our direct sales to Walmart Stores, Inc. represented approximately 10 percent of total net revenue in fiscal year 2012. Our direct sales to Wal-Mart Stores, Inc. did not exceed 10 percent of net revenue for the fiscal years ended March 31, 2014 and 2013. We sell our products to GameStop Corp. and Wal-Mart Stores, Inc. pursuant to numerous and frequent individual purchase orders, which contain delivery and pricing terms. There are no minimum sales or purchase commitments between us and either GameStop or Wal-Mart.

As our business becomes increasingly digital, more of our products and services are purchased from a digital retailer and delivered via a network connection. Our digital retail outlets include Origin (our direct-to-consumer platform), mobile application storefronts, the digital marketplaces operated by Sony for PlayStation 3 and PlayStation 4 and Microsoft for Xbox 360 and Xbox One, and various third party retailers offering digital game downloads.

Seasonality

Our business is highly seasonal with the highest levels of consumer demand and a significant percentage of our sales occurring in the holiday season quarter ending in December and a seasonal low in sales volume in the quarter ending in June. While our sales generally follow this seasonal trend, there can be no assurance that this trend will continue. In addition, we defer the recognition of a significant amount of net revenue related to our online-enabled games over an extended period of time. As a result, the quarter in which we generate the highest sales volume may be different than the quarter in which we recognize the highest amount of net revenue. Our results can also vary based on a number of factors, including title release dates, cancellation or delay of a key event or sports season to which our product release schedule is tied, consumer demand for our products, shipment schedules and our revenue recognition policies.

Government Regulation

We are subject to a number of foreign and domestic laws and regulations that affect companies conducting business on the Internet. In addition, laws and regulations relating to user privacy, data collection and retention, content, advertising and information security have been adopted or are being considered for adoption by many countries throughout the world.

Employees

As of March 31, 2014, we had approximately 8,300 regular, full-time employees, over 4,800 of whom were outside the United States. We believe that our ability to attract and retain qualified employees is a critical factor in the successful development of our products and that our future success will depend, in large measure, on our ability to continue to attract and retain qualified employees. Approximately 7 percent of our employees, all of whom work for DICE, our Swedish development studio, are represented by a union.

Investor Information

Our annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, and any amendments to those reports filed pursuant to Section 13(a) or 15(d) of the Securities Exchange Act, as amended, are available free of charge on the Investor Relations section of our website at http://ir.ea.com as soon as reasonably practicable after they are electronically filed with or furnished to the Securities and Exchange Commission ("SEC"). Except as expressly set forth in this Form 10-K annual report, the contents of our website are not incorporated into, or otherwise to be regarded as part of this report.

Executive Officers

The following table sets forth information regarding our executive officers as of May 21, 2014:

Name	Age	Position
Lawrence F. Probst III	63	Executive Chairman
Andrew Wilson	39	Chief Executive Officer
Blake Jorgensen	54	Executive Vice President, Chief Financial Officer
Peter R. Moore	59	Chief Operating Officer
Patrick Söderlund	40	Executive Vice President, EA Studios
Frank D. Gibeau	45	Executive Vice President, EA Mobile
Joel Linzner	62	Executive Vice President, Business and Legal Affairs
Gabrielle Toledano	47	Executive Vice President, Chief Talent Officer
Lucy Bradshaw	51	Senior Vice President, EA Maxis
Kenneth A. Barker	47	Senior Vice President, Chief Accounting Officer
Stephen G. Bené	50	Senior Vice President, General Counsel and Corporate Secretary

Mr. Probst has been our Executive Chairman since March 18, 2013. He was employed by EA previously from 1984 to September 2008. He has served as Chairman of the Board of Directors since July 1994 and, from May 1991 until April 2007, also served as our Chief Executive Officer. Previously, Mr. Probst served as President from 1991 until 1998. Mr. Probst serves as the Chairman of the Board of Directors of the U.S. Olympic Committee and is a member of the International Olympic Committee. Mr. Probst is also a director of Blackhawk Network Holdings, Inc. Mr. Probst holds a B.S. degree from the University of Delaware.

Mr. Wilson was named Chief Executive Officer and appointed to the Board of Directors in September 2013. From August 2011 to September 2013, he served as Executive Vice President, EA SPORTS. From March 2010 to August 2011, Mr. Wilson served as Senior Vice President, EA SPORTS. Prior to that, he held the position of Senior Vice President Online from July 2009 to September 2010 and Vice President, EA SPORTS from June 2008 to September 2009. Prior to this, Mr. Wilson held various positions within the Company since joining Electronic Arts in May 2000.

Mr. Jorgensen has served as Executive Vice President, Chief Financial Officer since September 2012. Prior to joining EA, he served as Executive Vice President, Chief Financial Officer of Levi Strauss & Co. from July 2009 to August 2012. From June 2007 to June 2009, Mr. Jorgensen served as Executive Vice President, Chief Financial Officer of Yahoo! Inc. Mr. Jorgensen earned his M.B.A. from Harvard Business School and his Economics degree from Stanford University.

Mr. Moore was named Chief Operating Officer in August 2011. Prior to that time, he served as President, EA SPORTS, from September 2007. From January 2003 until he joined EA, Mr. Moore was with Microsoft where he served as head of Xbox marketing and was later named as Corporate Vice President, Interactive Entertainment Business, Entertainment and Devices Division, a position in which he led both the Xbox and Games for Windows businesses. Mr. Moore holds a bachelor's degree from Keele University, United Kingdom, and a Master's degree from California State University, Long Beach.

Mr. Söderlund was named Executive Vice President, EA Studios in September 2013. Prior to that time, he served as Executive Vice President, EA Games Label from August 2011. From December 2010 to July 2011, he served as Executive Vice President, Group General Manager - FPS/Driving. Prior to that, Mr. Söderlund held the position of Senior Vice President, EA Games Europe from September 2007 to December 2010 and the Chief Executive Officer of DICE until September 2007. Mr. Söderlund joined DICE in 2000. The studio was sold to EA in October 2006.

Mr. Gibeau was named Executive Vice President, EA Mobile in September 2013. Prior to that time, he served as President, EA Labels from August 2011. From June 2007 until August 2011, he served as President, EA Games Label. From September 2005 until June 2007, he was Executive Vice President, General Manager, North America Publishing. Mr. Gibeau has held various positions since joining the Company in 1991. Mr. Gibeau holds a B.S. degree from the University of Southern California and an M.B.A. from Santa Clara University.

Mr. Linzner has served as Executive Vice President, Business and Legal Affairs since March 2005. Prior to joining EA in July 1999, Mr. Linzner served as outside litigation counsel to EA and several other companies in the video game industry. Mr. Linzner earned his J.D. from Boalt Hall at the University of California, Berkeley, after graduating from Brandeis University. He is a member of the Bar of the State of California and is admitted to practice in the United States Supreme Court, the Ninth Circuit Court of Appeals and several United States District Courts.

Ms. Toledano, our Chief Talent Officer, was named Executive Vice President, Human Resources and Facilities on April 1, 2007. From February 2006 until March 2007, Ms. Toledano served as Senior Vice President, Human Resources & Facilities. Ms. Toledano also serves on the Board of Directors of Big City Mountaineers. Ms. Toledano earned both her undergraduate degree in Humanities and her graduate degree in Education from Stanford University.

Ms. Bradshaw was named Senior Vice President, EA Maxis in June 2013. Prior to that time, she held various titles within the Maxis Studio since 1997 including Senior Vice President from February 2011 to June 2013 and Vice President from January 2001 to February 2011. Ms. Bradshaw received her B.A. degree from the University of Michigan.

Mr. Barker has served as Senior Vice President, Chief Accounting Officer since April 2006. From February 2012 to August 2012, he also served as Interim Chief Financial Officer. From June 2003 to April 2006, Mr. Barker held the position of Vice President, Chief Accounting Officer. Prior to joining EA, Mr. Barker was employed at Sun Microsystems, Inc., as Vice President and Corporate Controller from October 2002 to June 2003 and Assistant Corporate Controller from April 2000 to September 2002. Prior to that, he was an audit partner at Deloitte & Touche. Mr. Barker graduated from the University of Notre Dame with a B.A. degree in Accounting.

Mr. Bené has served as Senior Vice President, General Counsel and Corporate Secretary since October 2004. Mr. Bené joined EA in March 1995. Mr. Bené earned his J.D. from Stanford Law School, and received his B.S. in Mechanical Engineering from Rice University. Mr. Bené is a member of the Bar of the State of California.

Item 1A. *Risk Factors*

Our business is subject to many risks and uncertainties, which may affect our future financial performance. If any of the events or circumstances described below occurs, our business and financial performance could be harmed, our actual results could differ materially from our expectations and the market value of our stock could decline. The risks and uncertainties discussed below are not the only ones we face. There may be additional risks and uncertainties not currently known to us or that we currently do not believe are material that may harm our business and financial performance.

Our business is intensely competitive and "hit" driven. If we do not deliver "hit" products and services, or if consumers prefer our competitors' products or services over our own, our operating results could suffer.

Competition in our industry is intense. Many new products and services are regularly introduced in each major industry segment (console, mobile and PC free-to-play), but only a relatively small number of "hit" titles account for a significant portion of total revenue in each segment. Our competitors range from large established companies to emerging start-ups, and we expect new competitors to continue to emerge throughout the world. If our competitors develop and market more successful products or services, offer competitive products or services at lower price points or based on payment models perceived as offering a better value proposition, or if we do not continue to develop consistently high-quality and well-received products and services, our revenue, margins, and profitability will decline.

In recent years, we have narrowed our product portfolio in an effort to focus on developing high-quality products with the potential to become "hits". High-quality titles, even if highly-reviewed, may not turn into "hit" products. Many "hit" products within our industry are iterations of prior hit products with large established consumer bases and significant brand recognition, which makes competing in certain product categories challenging. In addition, hit products or services of our competitors may take a larger share of consumer spending than we anticipate, which could cause our products and services to underperform relative to revenue expectations. Publishing fewer major titles also concentrates risk in a smaller number of titles and means each major title has greater associated risk. The underperformance of a single major title may have a large adverse impact on our financial results.

Our operating results will be adversely affected if we do not consistently meet our product development schedules or if key events or sports seasons that we tie our product release schedules to are delayed or cancelled.

Our business is highly seasonal with the highest levels of consumer demand and a significant percentage of our sales occurring in the quarter ending in December and a seasonal low in sales volume in the quarter ending in June. While our sales generally follow this seasonal trend, there can be no assurance that this trend will continue. If we miss key selling periods for products, for any reason, including product delays, product cancellations, or delayed introduction of a new platform for which we have developed products, our sales are likely to suffer significantly. Additionally, macroeconomic conditions or the occurrence of unforeseen events that negatively impact retailer or consumer buying patterns during the quarter ending in December are likely to affect us disproportionately. Our ability to meet product development schedules is affected by a number of factors both within and outside our control, including the creative processes involved, the coordination of large and sometimes geographically dispersed development teams, the increasing complexity of our products and the platforms for which they are developed, and the need to fine-tune our products prior to their release. We have experienced development delays for our products in the past, which caused us to push back or cancel release dates. We also seek to release certain products in conjunction with key events, such as the beginning of a sports season or major sporting event, or the release of a related movie. If a key event or sports season to which our product release schedule is tied were to be delayed or cancelled, our sales would likely suffer disproportionately. In the future, any failure to meet anticipated production or release schedules would likely result in a delay of revenue and/or possibly a significant shortfall in our revenue, increase our development and/or marketing expenses, harm our profitability, and cause our operating results to be materially different than anticipated.

The console segment of the entertainment software industry is cyclical, driven by the periodic introduction of new console systems. As new console systems are introduced, our operating results may be more volatile.

New video game console systems have historically been developed and released every few years, which causes the video game software market to be cyclical as well. In periods of transition from legacy generation consoles to new generation consoles, sales of software for legacy generation console systems typically slow or decline in response to the anticipated and actual introduction of new consoles, and new generation console software sales typically stabilize after new consoles are widely-established with the consumer base.

During fiscal year 2014, consumers responded to the introduction of new consoles-the PlayStation 4 from Sony and Xbox One from Microsoft-by purchasing fewer software products for the Sony PlayStation 3 and Microsoft Xbox 360 legacy generation consoles. We expect this trend to continue. This trend could also accelerate faster than anticipated and may put downward pressure on legacy generation video game software pricing, which could negatively affect our operating results. Our revenues from new generation software sales may not offset the negative effects of this trend on our operating results. In the near term, we expect to continue to develop and market products and services for the Xbox 360 and PlayStation 3, while also developing and marketing products and services for the Xbox One and PlayStation 4. We do not control the unit volumes of the new generation console systems made available for sale or the rates at which consumers purchase these consoles. As a result, our operating results during this transitional period may be more volatile and difficult to predict.

Our business is dependent on the success and availability of video game hardware systems and devices manufactured by third parties, as well as our ability to develop commercially successful products and services for these systems and devices.

The success of our business is driven in part by the commercial success and adequate supply of video game console systems, PCs, mobile phones and tablets manufactured by third parties. Our success also depends on our ability to accurately predict which platforms will be successful in the marketplace and our ability to develop commercially successful products and services for these platforms. We must make product development decisions and commit significant resources well in advance of anticipated platform release dates and may incur significant expense to adjust our product portfolio and development efforts in response to changing consumer platform preferences. Additionally, we may enter into certain exclusive licensing arrangements that affect our ability to deliver or market products or services on certain platforms. A platform for which we are developing products and services may not succeed to the extent expected or new platforms may take market share and game software consumers away from platforms for which we have devoted significant resources. If consumer demand for the platforms for which we are developing products and services is lower than our expectations, we may be unable to fully recover the investments we have made in developing our products and services, and our financial performance will be harmed. Alternatively, a platform for which we have not devoted significant resources could be more successful than we had initially anticipated, causing us to miss out on meaningful revenue opportunities.

Our adoption of new business models could fail to produce our desired financial returns.

We are actively seeking to monetize game properties through a variety of new business models, including online distribution of full games and additional content, free-to-play games supported by advertising and/or micro-transactions and subscription services. Forecasting our revenues and profitability for these new business models is inherently uncertain and volatile. Our actual revenues and profits for these businesses may be significantly greater or less than our forecasts. Additionally, these new business models could fail for one or more of our titles, resulting in the loss of our investment in the development and infrastructure needed to support these new business models, and the opportunity cost of diverting management and financial resources away from more successful businesses.

Technology changes rapidly in our business and if we fail to anticipate or successfully develop games for new platforms and services, adopt new distribution technologies or methods, or implement new technologies in our games, the quality, timeliness and competitiveness of our products and services will suffer.

Rapid technology changes in our industry require us to anticipate, sometimes years in advance, which technologies we must implement and take advantage of in order to make our products and services competitive in the market. We have invested, and in the future may invest, in new business strategies, technologies, products, and services. Such endeavors may involve significant risks and uncertainties, and no assurance can be given that the technology we choose to adopt and the platforms, products and services that we pursue will be successful and will not materially adversely affect our reputation, financial condition, and operating results.

Our product development usually starts with particular platforms and distribution methods in mind, and a range of technical development goals that we hope to be able to achieve. We may not be able to achieve these goals, or our competition may be able to achieve them more quickly and effectively than we can. In either case, our products and services may be technologically inferior to our competitors', less appealing to consumers, or both. If we cannot achieve our technology goals within the original development schedule for our products and services, then we may delay their release until these technology goals can be achieved, which may delay or reduce revenue and increase our development expenses. Alternatively, we may increase the resources employed in research and development in an attempt to accelerate our development of new technologies, either to preserve our product or service launch schedule or to keep up with our competition, which would increase our development expenses. We may also miss opportunities to adopt technology, or develop products and services for new platforms or services that become popular with consumers, which could adversely affect our revenues. It may take significant time and resources to shift our focus to such technologies or platforms, putting us at a competitive disadvantage.

We may experience outages and disruptions of our online services that harm our business.

We expect to continue to invest in technology, hardware and software to support our portfolio of online products and services. Launching and operating online games and services, developing related technologies and implementing online business initiatives is expensive and complex. Execution of these initiatives could result in inefficiencies or operational failures, such as significant user connectivity issues. These efforts, as well as the deepening integration of online features and functionality into our products and services generally, may also result in increased vulnerability to cyber attacks that attempt to damage, disrupt or gain unauthorized access to our networks, computer systems and supporting infrastructure, many of which may be difficult to detect. Operational failures or successful cyber attacks could lead to consumers being unable to use our products and services or other negative effects upon the products, services and user experience we offer, possibly resulting in damage to our reputation, the loss of current and potential customers and harm to our business. In addition, our online products and services could be adversely impacted by outages, disruptions and failures in basic network and electrical infrastructure, as well as in the online platforms of key business partners who offer or support our products and services.

Our business could be adversely affected if our consumer protection, data privacy and security practices are not adequate, or perceived as being inadequate, to prevent data breaches, or by the application of consumer protection and data privacy laws generally.

In the course of our business, we collect, process, store and use consumer information, including personal information, passwords and credit card information. Although we take measures to protect consumer information from unauthorized access, acquisition, disclosure and misuse, our security controls may not be able to prevent the improper or unauthorized access, acquisition or disclosure of such consumer information. In addition, third party vendors and business partners which in the course of our business receive access to consumer information that we collect also may not be able to prevent data security breaches with respect to the consumer information we provide them. The unauthorized access, acquisition or disclosure of consumer information could significantly harm our reputation, compel us to comply with disparate breach notification laws and otherwise subject us to

substantial legal liability. A perception that we do not adequately secure consumer information could result in a loss of current or potential consumers and business partners, as well as a loss of anticipated revenues. Our key business partners also face these same risks with respect to consumer information they collect and data security breaches with respect to such information could cause reputational harm to them and negatively impact our ability to offer our products and services through their platforms.

In addition, the rate of privacy law-making is accelerating globally, and the interpretation and application of consumer protection and data privacy laws in the United States, Europe and elsewhere are often uncertain, contradictory and in flux. It is possible that these laws may be interpreted or applied in a manner that is adverse to us or otherwise inconsistent with our practices, which could result in litigation, potential legal liability or require us to change our practices in a manner adverse to our business. As a result, our reputation may be harmed, we could incur substantial costs, and we could lose both customers and revenues.

Our reputation with consumers is critical to our success as a company. Negative consumer perceptions about our brands, products, services and/or business practices may damage our business and the costs incurred in addressing consumer concerns may increase our operating expenses.

Individual consumers form our ultimate customer base, and consumer expectations regarding the quality, performance and integrity of our products and services are high. Consumers may be critical of our brands, products, services and/or business practices for a wide variety of reasons. These negative consumer reactions may not be foreseeable or within our control to manage effectively, including perceptions about gameplay fairness, negative player reactions to game content, components and services, or objections to certain of our business practices. We value our consumers and expect to take actions to address consumer concerns as appropriate, including actions that may result in additional expenditures and the loss of revenue. Negative consumer sentiment about our business practices can also result in investigations from regulatory agencies and consumer groups, as well as litigation, which, regardless of their outcome, may be damaging to our reputation and harm our business.

If we release defective products or services, our operating results could suffer.

Products and services such as ours are extremely complex software programs, and are difficult to develop and distribute. We have quality controls in place to detect defects in our products and services before they are released. Nonetheless, these quality controls are subject to human error, overriding, and reasonable resource constraints. Therefore, these quality controls and preventative measures may not be effective in detecting defects in our products and services before they have been released into the marketplace. In such an event, we could be required to or may find it necessary to voluntarily recall a product or suspend the availability of the product or service, which could significantly harm our business and operating results.

Our business is subject to increasing regulation and the adoption of proposed legislation we oppose could negatively impact our business.

Legislation is continually being introduced in the United States and other countries to mandate rating requirements or set other restrictions on the advertisement or distribution of entertainment software based on content. In the United States, most courts, including the United States Supreme Court, that have ruled on such legislation have ruled in a manner favorable to the interactive entertainment industry. Some foreign countries have adopted ratings regulations and certain countries allow government censorship of entertainment software products. Adoption of government ratings system or restrictions on distribution of entertainment software based on content could harm our business by limiting the products we are able to offer to our customers and compliance with new and possibly inconsistent regulations for different territories could be costly or delay the release of our products.

As we increase the online delivery of our products and services, we are subject to a number of foreign and domestic laws and regulations that affect companies conducting business on the Internet. In addition, laws and regulations relating to user privacy, data collection and retention, content, advertising and information security

have been adopted or are being considered for adoption by many countries throughout the world. The costs of compliance with these laws may increase in the future as a result of changes in interpretation. Furthermore, any failure on our part to comply with these laws or the application of these laws in an unanticipated manner may harm our business.

If we do not continue to attract and retain key personnel, we will be unable to effectively conduct our business.

The market for technical, creative, marketing and other personnel essential to the development and marketing of our products and management of our businesses is extremely competitive. Our leading position within the interactive entertainment industry makes us a prime target for recruiting of executives and key creative and technical talent. If we cannot successfully recruit and retain the employees we need, or replace key employees following their departure, our ability to develop and manage our business will be impaired.

If our marketing and advertising efforts fail to resonate with our customers, our business and operating results could be adversely affected.

Our products are marketed worldwide through a diverse spectrum of advertising and promotional programs such as television and online advertising, print advertising, retail merchandising, website development, event sponsorship and direct communications with our consumers. Our ability to sell our products and services is dependent in part upon the success of these programs. If the marketing for our products and services fail to resonate with our customers, particularly during the critical holiday season or during other key selling periods, or if advertising rates or other media placement costs increase, these factors could have a material adverse impact on our business and operating results.

A significant portion of our sales are made to a relatively small number of key customers. If these customers reduce their purchases of our products or become unable to pay for them, our business could be harmed.

During the fiscal year ended March 31, 2014, approximately 68 percent of our North America net revenue was derived from our top ten customers. Though our products are available to consumers through a variety of retailers and directly through us, the concentration of our sales in one, or a few, large customers could lead to a short-term disruption in our sales if one or more of these customers significantly reduced their purchases or ceased to carry our products, and could make us more vulnerable to collection risk if one or more of these large customers became unable to pay for our products or declared bankruptcy. Additionally, our receivables from these large customers increase significantly in the December quarter as they make purchases in anticipation of the holiday selling season. Having such a large portion of our total net revenue concentrated in a few customers could reduce our negotiating leverage with these customers. If one or more of our key customers experience deterioration in their business, or become unable to obtain sufficient financing to maintain their operations, our business could be harmed.

Our channel partners have significant influence over the products and services that we offer on their platforms.

Our products and services are sold to customers, primarily through retailers and online through our channel partners, including Sony, Microsoft, Apple and Google. In many cases, our channel partners set the rates that we must pay to provide our games and services through their online channels. In certain cases, our channel partners retain flexibility to change their fee structures or adopt different fee structures for their online channels, which could adversely impact our costs, profitability and margins.

Outside of the financial arrangements, our agreements with our channel partners typically give them significant control over other aspects of the distribution of the products and services that we develop for their platform. For example, our agreements with Sony and Microsoft typically give significant control to them over the approval, manufacturing and distribution of our products and services, which could, in certain circumstances, leave us

unable to get our products and services approved, manufactured and distributed to customers. For the fiscal year ended March 31, 2014, 55 percent of our net revenue was derived from products and services for Sony's PlayStation 3 and 4 and Microsoft's Xbox 360 and One consoles (combined across all four platforms). For our digital products and services delivered direct to consumers via digital channels such as Sony's PlayStation Network, Microsoft's Xbox LIVE Marketplace, Apple's App Store and the Google Play store, the channel partner has policies and guidelines that control the promotion and distribution of these titles and the features and functionalities that we are permitted to offer through the channel.

In addition, while we have negotiated agreements in place with our channel partners - these agreements reserve the right by our channel partners to determine and change unilaterally certain key terms and conditions, including the ability to change their user and developer policies and guidelines, which can negatively impact our business. If our channel partners establish terms that restrict our offerings through their channels, or significantly impact the financial terms on which these products or services are offered to our customers, our business could be harmed.

Acquisitions, investments and other strategic transactions could result in operating difficulties, dilution to our investors and other negative consequences.

We expect to continue making acquisitions or entering into other strategic transactions including (1) acquisitions of companies, businesses, intellectual properties, and other assets, (2) minority investments in strategic partners, and (3) investments in new interactive entertainment businesses (e.g., online and mobile publishing platforms) as part of our long-term business strategy. These transactions involve significant challenges and risks including that the transaction does not advance our business strategy, that we do not realize a satisfactory return on our investment, that we acquire unknown liabilities, or that we experience difficulty in the integration of business systems and technologies, the integration and retention of new employees, or in the maintenance of key business and customer relationships of the businesses we acquire, or diversion of management's attention from our other businesses. These events could harm our operating results or financial condition.

Future acquisitions and investments could also involve the issuance of our equity and equity-linked securities (potentially diluting our existing stockholders), the incurrence of debt, contingent liabilities or amortization expenses, write-offs of goodwill, intangibles, or acquired in-process technology, or other increased cash and non-cash expenses, such as stock-based compensation. Any of the foregoing factors could harm our financial condition or prevent us from achieving improvements in our financial condition and operating performance that could have otherwise been achieved by us on a stand-alone basis. Our stockholders may not have the opportunity to review, vote on or evaluate future acquisitions or investments.

If we are unable to maintain or acquire licenses to include intellectual property owned by others in our games, or to maintain or acquire the rights to publish or distribute games developed by others, our business may be harmed.

Many of our products are based on or incorporate intellectual property owned by others. For example, our EA SPORTS products include rights licensed from major sports leagues and players' associations. Similarly, other products are based on film and literary licenses and our Hasbro products are based on a license for certain of Hasbro's toy and game properties. We also publish and distribute products developed and owned by third-parties under license agreements with these parties. Competition for these licenses and rights is intense. If we are unable to maintain these licenses and rights or obtain additional licenses or rights with significant commercial value, our revenues, profitability and cash flows may decline significantly. Competition for these licenses may also drive up the advances, guarantees and royalties that we must pay to licensors and developers, which could significantly increase our costs and reduce our profitability.

Our business is subject to risks generally associated with the entertainment industry, any of which could significantly harm our operating results.

Our business is subject to risks that are generally associated with the entertainment industry, many of which are beyond our control. These risks could negatively impact our operating results and include: the popularity, price

and timing of our games and the platforms on which they are played; economic conditions that adversely affect discretionary consumer spending; changes in consumer demographics; the availability and popularity of other forms of entertainment; and critical reviews and public tastes and preferences, which may change rapidly and cannot necessarily be predicted.

We rely on business partners in many areas of our business and our business may be harmed if they are unable to honor their obligations to us or their actions may put us at risk.

We rely on various business partners, including third-party service providers, vendors, licensing partners, development partners, and licensees, among others, in many areas of our business. The actions of our business partners may put our business and our reputation at risk. In many cases, these third parties are given access to sensitive and proprietary information in order to provide services and support to our teams. These third parties may misappropriate our information and engage in unauthorized use of it. The failure of these third parties to provide adequate services and technologies, or the failure of the third parties to adequately maintain or update their services and technologies, could result in a disruption to our business operations. Further, disruptions in the financial markets and economic downturns may adversely affect our business partners and they may not be able to continue honoring their obligations to us. Alternative arrangements and services may not be available to us on commercially reasonable terms or we may experience business interruptions upon a transition to an alternative partner or vendor. If we lose one or more significant business partners, our business could be harmed.

We may be subject to claims of infringement of third-party intellectual property rights, which could harm our business.

From time to time, third parties may assert claims against us relating to patents, copyrights, trademarks, personal publicity rights, or other intellectual property rights related to technologies, products, content or delivery/ payment methods that are important to our business. Although we believe that we make reasonable efforts to ensure that our products do not violate the intellectual property rights of others, it is possible that third parties still may claim infringement. For example, we may be subject to intellectual property infringement claims from certain individuals and companies who have acquired patent portfolios for the sole purpose of asserting such claims against other companies. In addition, many of our products are highly realistic and feature materials that are based on real world examples, which may be the subject of intellectual property infringement claims of others. From time to time, we receive communications from third parties regarding such claims. Existing or future infringement claims against us, whether valid or not, may be time consuming and expensive to defend. Such claims or litigations could require us to pay damages and other costs, stop selling the affected products, redesign those products to avoid infringement, or obtain a license, all of which could be costly and harm our business. In addition, many patents have been issued that may apply to potential new modes of delivering, playing or monetizing game software products and services, such as those that we produce or would like to offer in the future. We may discover that future opportunities to provide new and innovative modes of game play and game delivery to consumers may be precluded by existing patents that we are unable to license on reasonable terms.

From time to time we may become involved in other legal proceedings, which could adversely affect us.

We are currently, and from time to time in the future may become, subject to legal proceedings, claims, litigation and government investigations or inquiries, which could be expensive, lengthy, and disruptive to normal business operations. In addition, the outcome of any legal proceedings, claims, litigation, investigations or inquiries may be difficult to predict and could have a material adverse effect on our business, operating results, or financial condition.

Our products are subject to the threat of piracy and unauthorized copying.

We take measures to protect our pre-release software and other confidential information from unauthorized access. A security breach that results in the disclosure of pre-release software or other confidential assets could lead or contribute to piracy of our games or otherwise compromise our product plans.

Further, entertainment software piracy is a persistent problem in our industry. The growth in peer-to-peer networks and other channels to download pirated copies of our products, the increasing availability of broadband access to the Internet and the proliferation of technology designed to circumvent the protection measures used with our products all have contributed to an expansion in piracy. Though we take technical steps to make the unauthorized copying of our products more difficult, as do the providers of the video game systems, personal computers, mobile phones and tablets on which our games are played, these efforts may not be successful in controlling the piracy of our products.

While legal protections exist to combat piracy and other forms of unauthorized copying, preventing and curbing infringement through enforcement of our intellectual property rights may be difficult, costly and time consuming, particularly in countries where laws are less protective of intellectual property rights. Further, the scope of the legal protection of copyright and prohibitions against the circumvention of technological protection measures to protect copyrighted works are often under scrutiny by courts and governing bodies. The repeal or weakening of laws intended to combat piracy, protect intellectual property and prohibit the circumvention of technological protection measures could make it more difficult for us to adequately protect against piracy. These factors could have a negative effect on our growth and profitability in the future.

Our business is subject to currency fluctuations.

International sales are a fundamental part of our business. For the fiscal year ended March 31, 2014, international net revenue comprised 58 percent of our total net revenue. We expect international sales to continue to account for a significant portion of our total net revenue. Such sales may be subject to unexpected regulatory requirements, tariffs and other barriers. Additionally, foreign sales are primarily made in local currencies, which may fluctuate against the U.S. dollar. In addition, our foreign investments and our cash and cash equivalents denominated in foreign currencies are subject to currency fluctuations. We use foreign currency hedging contracts to mitigate some foreign currency risk. However, these activities are limited in the protection they provide us from foreign currency fluctuations and can themselves result in losses. In the past, the disruption in the global financial markets has impacted many of the financial institutions with which we do business, and we are subject to counterparty risk with respect to such institutions with whom we enter into hedging transactions. A sustained decline in the financial stability of financial institutions as a result of a disruption in the financial markets could negatively impact our treasury operations, including our ability to secure credit-worthy counterparties for our foreign currency hedging programs. Accordingly, our results of operations, including our reported net revenue, operating expenses and net income, and financial condition can be adversely affected by unfavorable foreign currency fluctuations, especially the Euro, British pound sterling, Canadian dollar and Swedish Krona.

We utilize debt financing and such indebtedness could adversely impact our business and financial condition.

In July 2011, we issued $632.5 million aggregate principal amount of 0.75% Convertible Senior Notes due 2016 (the "Notes"), resulting in debt service obligations on the Notes of approximately $5 million per year. In addition, in August 2012, we entered into an unsecured committed $500 million revolving credit facility. While the facility is currently undrawn, we may use the proceeds of any future borrowings for general corporate purposes. The credit facility contains affirmative, negative and financial covenants, including a maximum capitalization ratio and minimum liquidity requirements.

We intend to fulfill our debt service obligations from cash generated by our operations and from our existing cash and investments. We may enter into other financial instruments in the future.

Our indebtedness could have significant negative consequences. For example, it could:

- increase our vulnerability to general adverse economic and industry conditions;
- limit our ability to obtain additional financing;

- require the dedication of a substantial portion of any cash flow from operations to the payment of principal of, and interest on, our indebtedness, thereby reducing the availability of such cash flow to fund our growth strategy, working capital, capital expenditures and other general corporate purposes;
- limit our flexibility in planning for, or reacting to, changes in our business and our industry; and
- place us at a competitive disadvantage relative to our competitors with less debt.

We may not have enough available cash or be able to arrange for financing to pay such principal amount at the time we are required to make purchases of the Notes or convert the Notes. In addition, we may be required to use funds that are domiciled in foreign tax jurisdictions in order to make the cash payments upon any purchase or conversion of the Notes. If we were to choose to use such funds, we would be required to accrue any additional taxes on any portion of the repatriation where no United States income tax had been previously provided.

The hedge transactions and warrant transactions entered into in connection with the Notes may affect the value of the Notes and our common stock.

In connection with the offering of the Notes, we entered into privately-negotiated convertible note hedge transactions (the "Convertible Note Hedge") with certain counterparties ("Options Counterparties") to reduce the potential dilution with respect to our common stock upon conversion of the Notes. The Convertible Note Hedge covers, subject to anti-dilution adjustments substantially similar to those applicable to the Notes, the number of shares of common stock underlying the Notes. We also entered into separate, privately-negotiated warrant transactions with the certain counterparties whereby we sold to independent third parties warrants (the "Warrants") with the Option Counterparties relating to the same number of shares of our common stock, subject to customary anti-dilution adjustments.

The effect, if any, of these activities, including the direction or magnitude, on the market price of our common stock will depend on a variety of factors, including market conditions, and cannot be ascertained at this time. Any of these activities could, however, adversely affect the market price of our common stock and the trading price of the Notes.

In addition, the Option Counterparties are financial institutions, and we will be subject to the risk that one or more of the Option Counterparties might default under the Convertible Note Hedge. Our exposure to the credit risk of the Option Counterparties will not be secured by any collateral. If any of the Option Counterparties becomes subject to insolvency proceedings, we will become an unsecured creditor in those proceedings with a claim equal to our exposure at the time under the Convertible Note Hedge with such option counterparty. Our exposure will depend on many factors but, generally, the increase in our exposure will be correlated to the increase in the market price and in the volatility of our common stock.

Changes in our tax rates or exposure to additional tax liabilities could adversely affect our earnings and financial condition.

We are subject to taxes in the United States and in various foreign jurisdictions. Significant judgment is required in determining our worldwide income tax provision and accruals for other taxes, and there are many transactions and calculations where the ultimate tax determination is uncertain. Our effective income tax rate could be adversely affected by our profit levels, by changes in our business, reorganization of our business and operating structure, changes in the mix of earnings in countries with differing statutory tax rates, changes in the elections we make, changes in applicable tax laws, or changes in the valuation allowance for deferred tax assets, as well as other factors. We are also required to pay taxes other than income taxes, such as payroll, sales, use, value-added, net worth, property and goods and services taxes, in both the United States and foreign jurisdictions. Furthermore, we are regularly subject to audit by tax authorities with respect to both income and such other non-income taxes. Adverse changes in our effective income tax rate, unfavorable audit results or tax rulings, or other changes resulting in significant additional tax liabilities could have material adverse effects upon our earnings, cash flows, and financial condition.

Our reported financial results could be adversely affected by changes in financial accounting standards.

Our reported financial results are impacted by the accounting standards promulgated by the SEC and national accounting standards bodies and the methods, estimates, and judgments that we use in applying our accounting policies. For example, accounting standards affecting software revenue recognition have affected and could continue to significantly affect the way we account for revenue related to our products and services. We recognize all of the revenue from bundled sales (i.e., online-enabled games that include updates on a when-and-if-available basis or a matchmaking service) on a deferred basis over an estimated offering period. The Financial Accounting Standards Board ("FASB") is currently evaluating the accounting and financial reporting for revenue transactions. We believe the current proposal by the FASB would require us to materially change the way we account for revenue by requiring us to recognize more revenue upon delivery of the primary product than we currently do under current accounting standards.

As we enhance, expand and diversify our business and product offerings, the application of existing or future financial accounting standards, particularly those relating to the way we account for revenue and taxes, could have a significant adverse effect on our reported results although not necessarily on our cash flows.

Our stock price has been volatile and may continue to fluctuate significantly.

The market price of our common stock historically has been, and we expect will continue to be, subject to significant fluctuations. These fluctuations may be due to factors specific to us (including those discussed in the risk factors above, as well as others not currently known to us or that we currently do not believe are material), to changes in securities analysts' earnings estimates or ratings, to our results or future financial guidance falling below our expectations and analysts' and investors' expectations, to factors affecting the entertainment, computer, software, Internet, media or electronics industries, to our ability to successfully integrate any acquisitions we may make, or to national or international economic conditions. In particular, economic downturns may contribute to the public stock markets experiencing extreme price and trading volume volatility. These broad market fluctuations have and could continue to adversely affect the market price of our common stock.

Item 1B: ***Unresolved Staff Comments***

None.

Item 2: ***Properties***

We own our 660,000-square-foot Redwood Shores headquarters facilities located in Redwood City, California, which includes a product development studio and administrative and sales functions. We also own a 418,000-square-foot product development studio facility in Burnaby, Canada. In addition to the properties we own, we lease approximately 1.2 million square feet in North America and 0.9 million square feet in Europe and Asia at various research and development, sales and administration and distribution facilities, including leases for our development studios in Orlando, Florida and Stockholm, Sweden.

While we continually evaluate our facility requirements, we believe that suitable additional or substitute space will be available as needed to accommodate our future needs. For information regarding our lease commitments, see Note 13 of the Notes to Consolidated Financial Statements, included in Item 8 in this report. For information on long-lived assets by geography, see Note 18 of the Notes to Consolidated Financial Statements, included in Item 8 in this report.

Item 3: ***Legal Proceedings***

We are a defendant in several actions that allege we misappropriated the likenesses of various college athletes in certain of our college-themed sports games.

- We are defending a putative class action lawsuit brought by Ryan Hart, a former college football player, in the United States District Court for the District of New Jersey in June 2009, which alleges that we misappropriated his likeness in our college-themed football game. The complaint seeks actual damages and other unspecified damages, which have not been quantified. In September 2011, the district court granted our motion to dismiss the complaint. On May 21, 2013, the Third Circuit Court of Appeal reversed the district court's decision and remanded the case back to the district court.
- The *In re NCAA Student-Athlete Name & Likeness Licensing* litigation pending in the United States District Court for the Northern District of California involves two groups of common claims brought by several different former collegiate student-athletes in 2009. These various actions were consolidated into one action in February 2010. The first group of claims is a class action against us, the NCAA and the Collegiate Licensing Company (CLC) alleging that our college-themed video games misappropriated the likenesses of collegiate student-athletes without their authorization. This group of claims seeks actual damages, statutory damages and other unspecified damages, which have not been quantified. On July 31, 2013, the Ninth Circuit Court of Appeals affirmed the trial court's denial of our motion to strike the complaint. The second group of claims is a federal antitrust class action against us, the NCAA and the CLC that challenges NCAA/CLC licensing practices and the NCAA By-Laws and regulations. This group of claims seeks unspecified damages, which have not been quantified.

In September 2013, we reached an agreement to settle all actions brought by college athletes. We and counsel for plaintiffs are in the process of preparing a written settlement agreement and other documents to present to the respective courts for approval of the settlement. We recognized a $30 million accrual during the second quarter of fiscal 2014 associated with the anticipated settlement. On November 4, 2013, the NCAA filed a complaint against the Company and the CLC in the Superior Court of Fulton County, Georgia. The complaint seeks unspecified damages and alleges that the Company is contractually obligated to defend and indemnify the NCAA against claims asserted in *In re NCAA Student-Athlete Name & Likeness Licensing* concerning the alleged misappropriation of student-athletes' publicity rights in EA's collegiate video games. We have not yet responded to the NCAA's complaint.

On December 17, 2013, a purported shareholder class action lawsuit was filed in the United States District Court for the Northern District of California against the Company and certain of its officers by an individual purporting

to represent a class of purchasers of EA common stock. A second purported shareholder class action lawsuit alleging substantially similar claims was subsequently filed in the same court. These lawsuits have been consolidated into one action. The lawsuits, which assert claims under Section 10(b) and 20(a) of the Securities Exchange Act of 1934, allege, among other things, that the Company and certain of its officers issued materially false and misleading statements regarding the rollout of the Company's *Battlefield 4* game. The lawsuits seek unspecified damages, which have not been quantified. We have not yet responded to the complaints.

We are also subject to claims and litigation arising in the ordinary course of business. We do not believe that any liability from any reasonably foreseeable disposition of such claims and litigation, individually or in the aggregate, would have a material adverse effect on our Consolidated Financial Statements.

Item 4: ***Mine Safety Disclosures***

Not applicable.

PART II

Item 5: *Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities*

Market Information

Our common stock is traded on the NASDAQ Global Select Market under the symbol "EA". The following table sets forth the quarterly high and low closing sales price per share of our common stock from April 1, 2012 through March 31, 2014.

	Prices	
	High	**Low**
Fiscal Year Ended March 31, 2013:		
First Quarter	$16.71	$11.89
Second Quarter	14.50	10.94
Third Quarter	15.42	11.91
Fourth Quarter	19.34	13.70
Fiscal Year Ended March 31, 2014:		
First Quarter	23.61	16.91
Second Quarter	27.99	23.18
Third Quarter	26.44	20.97
Fourth Quarter	30.25	21.54

Holders

There were approximately 1,356 holders of record of our common stock as of May 19, 2014, and the closing price of our common stock was $34.57 per share as reported by the NASDAQ Global Select Market. In addition, we believe that a significant number of beneficial owners of our common stock hold their shares in street name.

Dividends

We have not paid any cash dividends and do not anticipate paying cash dividends in the foreseeable future.

Issuer Purchases of Equity Securities

Stock Repurchase Plan. In July 2012, our Board of Directors authorized a program to repurchase up to $500 million of our common stock. During fiscal year 2013, we repurchased and retired a total of approximately 26 million shares of our common stock for approximately $349 million, of which approximately 22 million shares, or $278 million, was repurchased under this program. During fiscal year 2014, we did not repurchase any shares of our common stock.

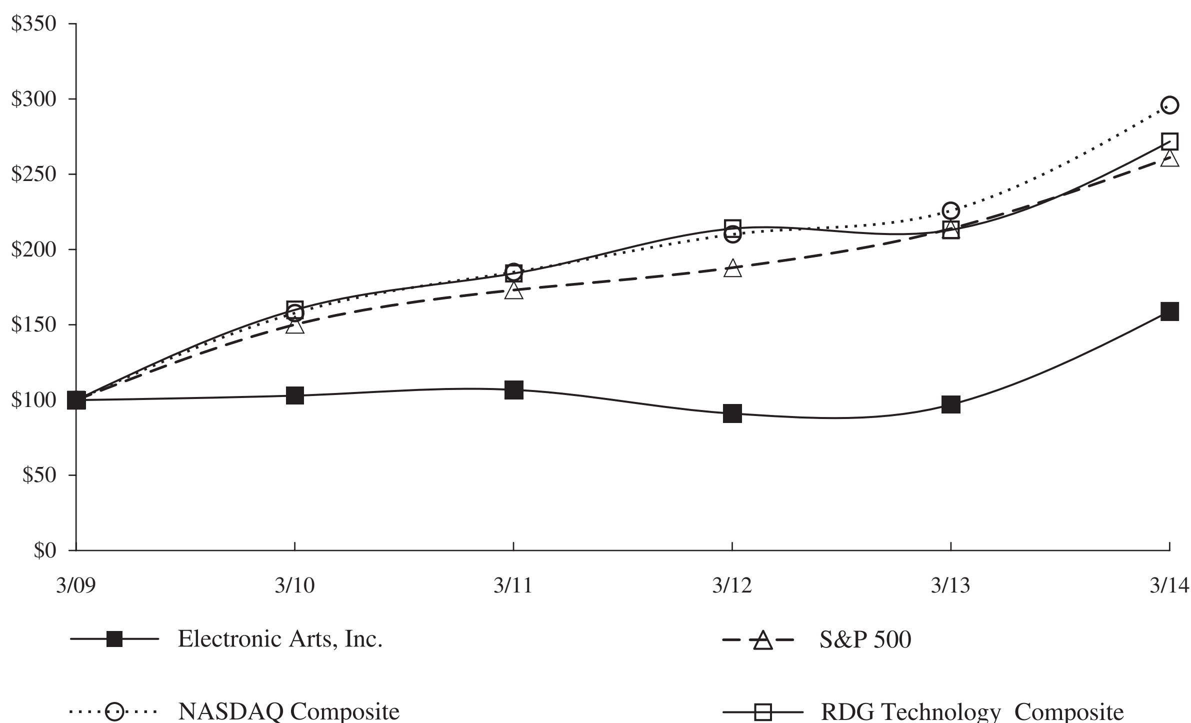
In May 2014, a special committee of our Board of Directors, on behalf of the full Board of Directors, authorized a new program to repurchase up to $750 million of our common stock. This new stock repurchase program, which expires on May 31, 2016, supersedes and replaces the stock repurchase authorization approved by our Board of Directors in July 2012. Under this program, we may purchase stock in the open market or through privately-negotiated transactions in accordance with applicable securities laws, including pursuant to pre-arranged stock trading plans. The timing and actual amount of the stock repurchases will depend on several factors including price, capital availability, regulatory requirements, alternative investment opportunities and other market conditions. We are not obligated to repurchase any specific number of shares under this program and it may be modified, suspended or discontinued at any time.

Stock Performance Graph

The following information shall not be deemed to be "filed" with the SEC nor shall this information be incorporated by reference into any future filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that we specifically incorporate it by reference into a filing.

The following graph shows a five-year comparison of cumulative total returns during the period from March 31, 2009 through March 31, 2014, for our common stock, the S&P 500 Index (to which EA was added in July 2002), the NASDAQ Composite Index, and the RDG Technology Composite Index, each of which assumes an initial value of $100. Each measurement point is as of the end of each fiscal year ended March 31. The performance of our stock depicted in the following graph is not necessarily indicative of the future performance of our stock.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*
Among Electronic Arts Inc., the S&P 500 Index, the NASDAQ Composite Index, and the RDG Technology Composite Index



* Based on $100 invested on March 31, 2009 in stock or index, including reinvestment of dividends.

	March 31,					
	2009	2010	2011	2012	2013	2014
Electronic Arts Inc.	$100	$103	$107	$ 91	$ 97	$159
S&P 500 Index	100	150	173	188	214	261
NASDAQ Composite Index	100	158	185	210	226	296
RDG Technology Composite Index	100	160	184	214	213	272

Item 6: ***Selected Financial Data***

ELECTRONIC ARTS INC. AND SUBSIDIARIES

SELECTED FIVE-YEAR CONSOLIDATED FINANCIAL DATA

(In millions, except per share data)

	Year Ended March 31,				
STATEMENTS OF OPERATIONS DATA	**2014**	**2013**	**2012**	**2011**	**2010**
Net revenue	$3,575	$3,797	$4,143	$3,589	$3,654
Cost of revenue	1,347	1,388	1,598	1,499	1,866
Gross profit	2,228	2,409	2,545	2,090	1,788
Total operating expenses	2,195	2,288	2,510	2,402	2,474
Operating income (loss)	33	121	35	(312)	(686)
Gains (losses) on strategic investments, net	—	39	—	23	(26)
Interest and other income (expense), net	(26)	(21)	(17)	10	6
Income (loss) before provision for (benefit from) income taxes	7	139	18	(279)	(706)
Provision for (benefit from) income taxes	(1)	41	(58)	(3)	(29)
Net income (loss)	$ 8	$ 98	$ 76	$ (276)	$ (677)
Net income (loss) per share:					
Basic	$ 0.03	$ 0.32	$ 0.23	$ (0.84)	$ (2.08)
Diluted	$ 0.03	$ 0.31	$ 0.23	$ (0.84)	$ (2.08)
Number of shares used in computation:					
Basic	308	310	331	330	325
Diluted	316	313	336	330	325

	As of March 31,				
BALANCE SHEETS DATA	**2014**	**2013**	**2012**	**2011**	**2010**
Cash and cash equivalents	$1,782	$1,292	$1,293	$1,579	$1,273
Short-term investments	583	388	437	497	432
Marketable equity securities	—	—	119	161	291
Working capital	748	408	489	1,031	1,011
Total assets	5,716	5,070	5,491	4,928	4,646
0.75% convertible senior notes due 2016, net	580	559	539	—	—
Other long-term liabilities	324	327	374	363	343
Total liabilities	3,294	2,803	3,033	2,364	1,917
Total stockholders' equity	2,422	2,267	2,458	2,564	2,729

Item 7: ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

OVERVIEW

The following overview is a high-level discussion of our operating results, as well as some of the trends and drivers that affect our business. Management believes that an understanding of these trends and drivers is important in order to understand our results for the fiscal year ended March 31, 2014, as well as our future prospects. This summary is not intended to be exhaustive, nor is it intended to be a substitute for the detailed discussion and analysis provided elsewhere in this Form 10-K, including in the "Business" section and the "Risk Factors" above, the remainder of this "Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A")", and the Consolidated Financial Statements and related Notes.

About Electronic Arts

We develop, market, publish and distribute game software content and services that can be played by consumers on a variety of platforms, including video game consoles (such as PlayStation 3 and 4 from Sony and Xbox 360 and Xbox One from Microsoft), personal computers, mobile phones and tablets. Our ability to deliver games and services across multiple platforms, through multiple distribution channels, and directly to consumers (online and wirelessly) has been, and will continue to be, a cornerstone of our product strategy. We have adopted new business models and alternative revenue streams (such as subscription, micro-transactions, and advertising) in connection with our online and wireless product and service offerings. Some of our games are based on our wholly-owned intellectual property (*e.g.*, Battlefield, Mass Effect, Need for Speed, Dragon Age, The Sims, Bejeweled, and Plants vs. Zombies), and some of our games are based on content that we license from others (*e.g.*, FIFA, Madden NFL and Star Wars). Our goal is to turn our intellectual properties into year-round businesses available on a range of platforms. Our products and services may be purchased through physical and online retailers, platform providers such as console manufacturers and mobile carriers via digital downloads, as well as directly through our own distribution platform, including online portals such as Origin.

Financial Results

Total net revenue for the fiscal year ended March 31, 2014 was $3,575 million, a decrease of $222 million, or 6 percent, as compared to the fiscal year ended March 31, 2013, primarily due to an increase in our estimated offering period for physical games sold through retail from six to nine months, partially offset by an increase in net revenue before revenue deferral. At March 31, 2014, deferred net revenue associated with sales of online-enabled games increased by $446 million as compared to March 31, 2013, directly decreasing the amount of reported net revenue during the fiscal year ended March 31, 2014. At March 31, 2013, deferred net revenue associated with sales of online-enabled games decreased by $4 million as compared to March 31, 2012, directly increasing the amount of reported net revenue during the fiscal year ended March 31, 2013. Disregarding the impact of the deferred net revenue, reported net revenue would have increased by approximately $228 million, or 6%, during fiscal year 2014 as compared to the fiscal year 2013. Net revenue for fiscal year 2014 was driven by *FIFA 14*, *FIFA 13* and *Battlefield 4. Battlefield 4*, which delivers 60 frames-per-second gameplay for 64 players, two commanders on tablets and other innovative features, was launched on five gaming platforms, including two new consoles. It has performed well in the fiscal year despite unanticipated launch issues.

Net income for the fiscal year ended March 31, 2014 was $8 million as compared to $98 million for the fiscal year ended March 31, 2013. Diluted earnings per share for the fiscal year ended March 31, 2014 was $0.03 as compared to a diluted earnings per share of $0.31 for the fiscal year ended March 31, 2013. Net income decreased for fiscal year 2014 as compared to the fiscal year 2013 primarily as a result of (1) a $181 million decrease in gross profit due to an increase in our estimated offering period for physical games sold through retail after July 1, 2013 and a higher percentage of our sales being subject to deferral, which further delayed the recognition of revenue, (2) a $56 million increase in general and administrative costs, and (3) a $39 million decrease in our gains on strategic investments due to the sale of our investment in Neowiz during fiscal year 2013. These increases in costs were partially offset by (1) a $108 million decrease in marketing and sales expenses primarily due to a decrease in headcount and reduced advertising and promotional spending on our franchises, (2) a $28 million decrease in research and development costs, and (3) a $28 million decrease in restructuring and other charges as a result of the fiscal 2013 restructuring plan in fiscal year 2013 as compared to none in fiscal year 2014.

Trends in Our Business

Console System Transition. In November 2013, the PlayStation 4 from Sony and Xbox One from Microsoft were released. EA delivered five major products for each of these new-generation console systems around the time of their launch, and we are continuing to make significant investments in products and services for these new consoles. We also expect to continue to develop and market products and services for the Microsoft Xbox 360 and the Sony PlayStation 3. Industry sales of major games for these legacy consoles declined significantly during our 2014 fiscal year. This sales decline trend is likely to continue and may accelerate. The success of our products and services for the new-generation consoles depends in part on the commercial success and adequate supply of, as well as our ability to develop commercially successful products and services for, these consoles.

Digital Transformation. Our business continues to transform from a traditional packaged goods business model to one in which our games and services are sold and delivered via a network connection, with digitally-delivered content, features and services helping to extend the life of the respective game offering. For example, many of our products that traditionally have been sold only as packaged goods products can now also be purchased and downloaded via a network connection. We also include digitally-delivered content, features and services as part of the product offering, either made available for free or at additional cost. Additionally, our mobile and PC free-to-play games are available solely via digital delivery and are typically monetized through a micro-transaction business model through which we sell incremental content and/or features in discrete transactions.

We significantly increased the digital revenue that we derive from wireless, Internet-derived and advertising products and services from $1,159 million in fiscal year 2012 to $1,440 million in fiscal year 2013. During fiscal year 2014, digital revenue was $1,833 million and we expect this portion of our business to continue to grow in fiscal 2015 and beyond.

Mobile and PC Free-to-Play Games. The proliferation of mobile phones and tablets has significantly increased the consumer base for mobile games. The broad consumer acceptance of free-to-play business models, which allow consumers to try new games with no up-front cost and pay for additional content or in-game items through micro-transactions, has led to growth in the mobile gaming industry. Likewise, the mass introduction and wide consumer acceptance of free-to-play, micro-transaction-based PC games played over the Internet has also broadened our consumer base. We expect revenue generated from mobile and PC free-to-play games to remain an important part of our business.

Concentration of Sales Among the Most Popular Games. In all major segments of our industry, we see a larger portion of games sales concentrated on the most popular titles, and many of those titles are sequels of prior games. We have responded to this trend by significantly reducing the number of games that we produce to provide greater focus on our most promising intellectual properties. For example, in fiscal year 2011, we published over 30 titles for consoles and PC, while in fiscal year 2014 we published 11; in fiscal year 2015, we expect to release 10 titles for console and PC. We have similarly reduced the number of major mobile titles that we publish.

Recent Developments

Stock Repurchase Program. In May 2014, a special committee of our Board of Directors, on behalf of the full Board of Directors, authorized a new program to repurchase up to $750 million of our common stock. This new stock repurchase program, which expires on May 31, 2016, supersedes and replaces the stock repurchase authorization approved by our Board of Directors in July 2012. Under this program, we may purchase stock in the open market or through privately-negotiated transactions in accordance with applicable securities laws, including pursuant to pre-arranged stock trading plans. The timing and actual amount of the stock repurchases will depend on several factors including price, capital availability, regulatory requirements, alternative investment opportunities and other market conditions. We are not obligated to repurchase any specific number of shares under this program and it may be modified, suspended or discontinued at any time.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). The preparation of these Consolidated Financial Statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, contingent assets and liabilities, and revenue and expenses during the reporting periods. The policies discussed below are considered by management to be critical because they are not only important to the portrayal of our financial condition and results of operations, but also because application and interpretation of these policies requires both management judgment and estimates of matters that are inherently uncertain and unknown. As a result, actual results may differ materially from our estimates.

Revenue Recognition, Sales Returns and Allowances, and Bad Debt Reserves

We derive revenue principally from sales of interactive software games, and related content and services on (1) video game consoles (such as Playstation 3 and 4 from Sony and Xbox 360 and Xbox One from Microsoft) and PCs, and (2) mobile phones and tablets. We evaluate revenue recognition based on the criteria set forth in FASB Accounting Standards Codification ("ASC") 605, *Revenue Recognition* and ASC 985-605, *Software: Revenue Recognition*. We classify our revenue as either product revenue or service and other revenue.

Product revenue. Our product revenue includes revenue associated with the sale of software games or related content, whether delivered via a physical disc (*e.g.*, packaged goods) or delivered digitally via the Internet (*e.g.,* full-game downloads, micro-transactions), and licensing of game software to third-parties. Product revenue also includes revenue from mobile full game downloads that do not require our hosting support, and sales of tangible products such as hardware, peripherals, or collectors' items.

Service and other revenue. Our service revenue includes revenue recognized from time-based subscriptions and games or related content that requires our hosting support in order to utilize the game or related content (*i.e.*, can only be played with an Internet connection). This includes (1) entitlements to content that are accessed through hosting services (*e.g.,* micro-transactions for Internet-based, social network and mobile games), (2) massively multi-player online ("MMO") games (both software game and subscription sales), (3) subscriptions for our Battlefield Premium and Pogo-branded online game services, and (4) allocated service revenue from sales of software games with an online service element (*i.e.,* "matchmaking" service). Our other revenue includes advertising and non-software licensing revenue.

With respect to the allocated service revenue from sales of software games with a matchmaking service mentioned above, our allocation of proceeds between product and service revenue for presentation purposes is based on management's best estimate of the selling price of the matchmaking service with the residual value allocated to product revenue. Our estimate of the selling price of the matchmaking service is comprised of several factors including, but not limited to, prior selling prices for the matchmaking service, prices charged separately by other third-party vendors for similar service offerings, and a cost-plus-margin approach. We review the estimated selling price of the online matchmaking service on a regular basis and use this methodology consistently to allocate revenue between product and service for software game sales with a matchmaking service.

We evaluate and recognize revenue when all four of the following criteria are met:

- *Evidence of an arrangement*. Evidence of an agreement with the customer that reflects the terms and conditions to deliver the related products or services must be present.
- *Fixed or determinable fee*. If a portion of the arrangement fee is not fixed or determinable, we recognize revenue as the amount becomes fixed or determinable.
- *Collection is deemed probable*. Collection is deemed probable if we expect the customer to be able to pay amounts under the arrangement as those amounts become due. If we determine that collection is not probable as the amounts become due, we generally conclude that collection becomes probable upon cash collection.
- *Delivery*. Delivery is considered to occur when a product is shipped and the risk of loss and rewards of ownership have transferred to the customer. For digital downloads, delivery is considered to occur

when the software is made available to the customer for download. For services and other, delivery is generally considered to occur as the service is delivered, which is determined based on the underlying service obligation.

Online-Enabled Games

The majority of our software games can be connected to the Internet whereby a consumer may be able to download unspecified content or updates on a when-and-if-available basis ("unspecified updates") for use with the original game software. In addition, we may also offer an online matchmaking service that permits consumers to play against each other via the Internet without a separate fee. U.S. GAAP requires us to account for the consumer's right to receive unspecified updates or the matchmaking service for no additional fee as a "bundled" sale, or multiple-element arrangement.

We have an established historical pattern of providing unspecified updates to online-enabled games (*e.g.,* player roster updates to *Madden NFL 25*) at no additional charge to the consumer. We do not have vendor-specific objective evidence of fair value ("VSOE") for these unspecified updates, and thus, as required by U.S. GAAP, we recognize revenue from the sale of these online-enabled games over the period we expect to offer the unspecified updates to the consumer ("estimated offering period").

Estimated Offering Period

Because the offering period is not an explicitly defined period, we must make an estimate of the offering period. Determining the estimated offering period is inherently subjective and is subject to regular revision based on historical online usage. For example, in determining the estimated offering period for unspecified updates associated with our online-enabled games, we consider the period of time consumers are online as online connectivity is required. On an annual basis, we review consumers' online gameplay of all online-enabled games that have been released 12 to 24 months prior to the evaluation date. For example, if our evaluation date is April 1, 2013, we evaluate all online-enabled games released between April 1, 2011 and March 31, 2012. Based on this population of games, for all players that register the game online within the first six months of release of the game to the general public, we compute the weighted-average number of days for each online-enabled game, based on when a player initially registers the game online to when that player last plays the game online. We then compute the weighted-average number of days for all online-enabled games by multiplying the weighted-average number of days for each online-enabled game by its relative percentage of total units sold from these online-enabled games (*i.e.,* a game with more units sold will have a higher weighting to the overall computation than a game with fewer units sold). Under a similar computation, we also consider the estimated period of time between the date a game unit is sold to a reseller and the date the reseller sells the game unit to an end consumer (*i.e.,* time in channel). Based on these two calculations we then consider the method of distribution. For example, physical software games sold at retail would have a composite offering period equal to the online gameplay plus time in channel as opposed to digitally distributed software games which are delivered immediately via digital download and thus have no concept of channel. Additionally, we consider results from prior years, known online gameplay trends, as well as disclosed service periods for competitors' games in determining the estimated offering period for future sales.

While we consistently apply this methodology, inherent assumptions used in this methodology include which online-enabled games to sample, whether to use only units that have registered online, whether to weight the number of days for each game, whether to weight the days based on the units sold of each game, determining the period of time between the date of sale to reseller and the date of sale to the consumer and assessing online gameplay trends.

Prior to July 1, 2013, for most sales, we estimated the offering period to be six months and recognized revenue over this period in the month after delivery. During the three months ended June 30, 2013, we completed our annual evaluation of the estimated offering period and noted that generally, consumers are playing our games online over a longer period of time. Based on this, we concluded that for physical software sales made after June 30, 2013, the estimated offering period should be increased to nine months, resulting in revenue being recognized over a longer period of time. The estimated offering period for digitally distributed software games is six months.

Other Multiple-Element Arrangements

In some of our multiple-element arrangements, we sell tangible products with software and/or software-related offerings. These tangible products are generally either peripherals or ancillary collectors' items, such as figurines and comic books. Revenue for these arrangements is allocated to each separate unit of accounting for each deliverable using the relative selling prices of each deliverable in the arrangement based on the selling price hierarchy described below. If the arrangement contains more than one software deliverable, the arrangement consideration is allocated to the software deliverables as a group and then allocated to each software deliverable in accordance with ASC 985-605.

We determine the selling price for a tangible product deliverable based on the following selling price hierarchy: VSOE (*i.e.*, the price we charge when the tangible product is sold separately) if available, third-party evidence ("TPE") of fair value (*i.e.*, the price charged by others for similar tangible products) if VSOE is not available, or our best estimate of selling price ("BESP") if neither VSOE nor TPE is available. Determining the BESP is a subjective process that is based on multiple factors including, but not limited to, recent selling prices and related discounts, market conditions, customer classes, sales channels and other factors. In accordance with ASC 605, provided the other three revenue recognition criteria other than delivery have been met, we recognize revenue upon delivery to the customer as we have no further obligations.

We must make assumptions and judgments in order to (1) determine whether and when each element is delivered, (2) determine whether VSOE exists for each undelivered element, and (3) allocate the total price among the various elements, as applicable. Changes to any of these assumptions and judgments, or changes to the elements in the arrangement, could cause a material increase or decrease in the amount of revenue that we report in a particular period.

Principal Agent Considerations

In accordance with ASC 605-45, *Revenue Recognition: Principal Agent Considerations*, we evaluate sales of our interactive software games via third party storefronts, including digital storefronts such as Xbox Live Marketplace, Sony PSN, Apple AppStore, Google Play, in order to determine whether or not we are acting as the principal or as an agent, which we consider in determining if revenue should be reported gross or net of fees retained by the storefront. Key indicators that we evaluate in determining gross versus net treatment include but are not limited to the following:

- The party responsible for delivery/fulfillment of the product or service to the end consumer
- The party responsible for the billing, collection of fees and refunds to the consumer
- The storefront and Terms of Sale that govern the consumer's purchase of the product or service
- The party that sets the pricing with the consumer and has credit risk

Based on the evaluation of the above indicators, we have determined that we are generally acting as an agent and are not considered the primary obligor to consumers for our interactive software games distributed through third party digital storefronts. We therefore recognize revenue related to these arrangements on a net basis.

Sales Returns and Allowances and Bad Debt Reserves

We reduce revenue primarily for estimated future returns and price protection which may occur with our distributors and retailers ("channel partners"). Price protection represents our practice to provide our channel partners with a credit allowance to lower their wholesale price on a particular product in the channel. The amount of the price protection is generally the difference between the old wholesale price and the new reduced wholesale price. In certain countries for our PC and console packaged goods software products, we also have a practice of allowing channel partners to return older software products in the channel in exchange for a credit allowance. As a general practice, we do not give cash refunds.

When evaluating the adequacy of sales returns and price protection allowances, we analyze the following: historical credit allowances, current sell-through of our channel partners' inventory of our software products,

current trends in retail and the video game industry, changes in customer demand, acceptance of our software products, and other related factors. In addition, we monitor the volume of sales to our channel partners and their inventories, as substantial overstocking in the distribution channel could result in high returns or higher price protection in subsequent periods.

In the future, actual returns and price protections may materially exceed our estimates as unsold software products in the distribution channels are exposed to rapid changes in consumer preferences, market conditions or technological obsolescence due to new platforms, product updates or competing software products. While we believe we can make reliable estimates regarding these matters, these estimates are inherently subjective. Accordingly, if our estimates change, our returns and price protection allowances would change and would impact the total net revenue, accounts receivable and deferred net revenue that we report.

We determine our allowance for doubtful accounts by evaluating the following: customer creditworthiness, current economic trends, historical experience, age of current accounts receivable balances, changes in financial condition or payment terms of our customers. Significant management judgment is required to estimate our allowance for doubtful accounts in any accounting period. The amount and timing of our bad debt expense and cash collection could change significantly as a result of a change in any of the evaluation factors mentioned above.

Fair Value Estimates

The preparation of financial statements in conformity with U.S. GAAP often requires us to determine the fair value of a particular item in order to fairly present our financial statements. Without an independent market or another representative transaction, determining the fair value of a particular item requires us to make several assumptions that are inherently difficult to predict and can have a material impact on the accounting.

There are various valuation techniques used to estimate fair value. These include (1) the market approach where market transactions for identical or comparable assets or liabilities are used to determine the fair value, (2) the income approach, which uses valuation techniques to convert future amounts (for example, future cash flows or future earnings) to a single present value amount, and (3) the cost approach, which is based on the amount that would be required to replace an asset. For many of our fair value estimates, including our estimates of the fair value of acquired intangible assets, we use the income approach. Using the income approach requires the use of financial models, which require us to make various estimates including, but not limited to (1) the potential future cash flows for the asset or liability being measured, (2) the timing of receipt or payment of those future cash flows, (3) the time value of money associated with the expected receipt or payment of such cash flows, and (4) the inherent risk associated with the cash flows (risk premium). Making these cash flow estimates is inherently difficult and subjective, and if any of the estimates used to determine the fair value using the income approach turns out to be inaccurate, our financial results may be negatively impacted. Furthermore, relatively small changes in many of these estimates can have a significant impact to the estimated fair value resulting from the financial models or the related accounting conclusion reached. For example, a relatively small change in the estimated fair value of an asset may change a conclusion as to whether an asset is impaired.

While we are required to make certain fair value assessments associated with the accounting for several types of transactions, the following areas are the most sensitive to these assessments:

Business Combinations. We must estimate the fair value of assets acquired, liabilities and contingencies assumed, acquired in-process technology, and contingent consideration issued in a business combination. Our assessment of the estimated fair value of each of these can have a material effect on our reported results as intangible assets are amortized over various estimated useful lives. Furthermore, the estimated fair value assigned to an acquired asset or liability has a direct impact on the amount we recognize as goodwill, which is an asset that is not amortized. Determining the fair value of assets acquired requires an assessment of the highest and best use or the expected price to sell the asset and the related expected future cash flows. Determining the fair value of acquired in-process technology also requires an assessment of our expectations related to the use of that technology. Determining the fair value of an assumed liability requires an assessment of the expected cost to

transfer the liability. Determining the fair value of contingent consideration requires an assessment of the probability-weighted expected future cash flows over the period in which the obligation is expected to be settled, and applying a discount rate that appropriately captures the risk associated with the obligation. The significant unobservable inputs used in the fair value measurement of the contingent consideration payable are forecasted earnings. Significant changes in forecasted earnings would result in significantly higher or lower fair value measurement. This fair value assessment is also required in periods subsequent to a business combination. Such estimates are inherently difficult and subjective and can have a material impact on our Consolidated Financial Statements.

Assessment of Impairment of Goodwill, Intangibles, and Other Long-Lived Assets. Current accounting standards require that we assess the recoverability of our finite lived acquisition-related intangible assets and other long-lived assets whenever events or changes in circumstances indicate the remaining value of the assets recorded on our Consolidated Balance Sheets is potentially impaired. In order to determine if a potential impairment has occurred, management must make various assumptions about the estimated fair value of the asset by evaluating future business prospects and estimated future cash flows. For some assets, our estimated fair value is dependent upon predicting which of our products will be successful. This success is dependent upon several factors, such as which operating platforms will be successful in the marketplace. Also, our revenue and earnings are dependent on our ability to meet our product release schedules. Judgments and assumptions about future cash flows and remaining useful lives are complex and often subjective. They can be affected by a variety of factors, including but not limited to, significant negative industry or economic trends, significant changes in the manner of our use of the assets or the strategy of our overall business and significant under-performance relative to projected future operating results. When we consider such assets to be impaired, the amount of impairment we recognize is measured by the amount by which the carrying amount of the asset exceeds its fair value.

In assessing impairment on our goodwill, we first analyze qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test. The qualitative factors we assess include long-term prospects of our performance, share price trends and market capitalization, and Company specific events. If we conclude it is more likely than not that the fair value of a reporting unit exceeds its carrying amount, we do not need to perform the two-step impairment test. If based on that assessment, we believe it is more likely than not that the fair value of the reporting unit is less than its carrying value, a two-step goodwill impairment test will be performed. The first step measures for impairment by applying fair value-based tests at the reporting unit level. The second step (if necessary) measures the amount of impairment by applying fair value-based tests to the individual assets and liabilities within each reporting unit. Reporting units are determined by the components of operating segments that constitute a business for which (1) discrete financial information is available, (2) segment management regularly reviews the operating results of that component, and (3) whether the component has dissimilar economic characteristics to other components.

As of our last annual assessment of goodwill in the fourth quarter of fiscal year 2014, we determined that it was more likely than not that the fair value of our reporting unit exceeded its carrying amount and, as such, we did not need to perform the two-step impairment test. We have not identified any indicators of impairment since that assessment.

Our business consists of developing, marketing and distributing video game software using both established and emerging intellectual properties and our forecasts for emerging intellectual properties are based upon internal estimates and external sources rather than historical information and have an inherently higher risk of inaccuracy. If future forecasts are revised, they may indicate or require future impairment charges. We base our fair value estimates on assumptions we believe to be reasonable, but that are unpredictable and inherently uncertain. Actual future results may differ from those estimates.

Royalties and Licenses

Our royalty expenses consist of payments to (1) content licensors, (2) independent software developers, and (3) co-publishing and distribution affiliates. License royalties consist of payments made to celebrities, professional sports organizations, movie studios and other organizations for our use of their trademarks, copyrights, personal publicity

rights, content and/or other intellectual property. Royalty payments to independent software developers are payments for the development of intellectual property related to our games. Co-publishing and distribution royalties are payments made to third parties for the delivery of products.

Royalty-based obligations with content licensors and distribution affiliates are either paid in advance and capitalized as prepaid royalties or are accrued as incurred and subsequently paid. These royalty-based obligations are generally expensed to cost of revenue generally at the greater of the contractual rate or an effective royalty rate based on the total projected net revenue for contracts with guaranteed minimums. Significant judgment is required to estimate the effective royalty rate for a particular contract. Because the computation of effective royalty rates requires us to project future revenue, it is inherently subjective as our future revenue projections must anticipate a number of factors, including (1) the total number of titles subject to the contract, (2) the timing of the release of these titles, (3) the number of software units we expect to sell, which can be impacted by a number of variables, including product quality, number of platforms we release on, the timing of the title's release and competition, and (4) future pricing. Determining the effective royalty rate for our titles is particularly challenging due to the inherent difficulty in predicting the popularity of entertainment products. Furthermore, if we conclude that we are unable to make a reasonably reliable forecast of projected net revenue, we recognize royalty expense at the greater of contract rate or on a straight-line basis over the term of the contract. Accordingly, if our future revenue projections change, our effective royalty rates would change, which could impact the amount and timing of royalty expense we recognize.

Prepayments made to thinly capitalized independent software developers and co-publishing affiliates are generally made in connection with the development of a particular product, and therefore, we are generally subject to development risk prior to the release of the product. Accordingly, payments that are due prior to completion of a product are generally expensed to research and development over the development period as the services are incurred. Payments due after completion of the product (primarily royalty-based in nature) are generally expensed as cost of revenue.

Our contracts with some licensors include minimum guaranteed royalty payments, which are initially recorded as an asset and as a liability at the contractual amount when no performance remains with the licensor. When performance remains with the licensor, we record guarantee payments as an asset when actually paid and as a liability when incurred, rather than recording the asset and liability upon execution of the contract. Royalty liabilities are classified as current liabilities to the extent such royalty payments are contractually due within the next 12 months.

Each quarter, we also evaluate the expected future realization of our royalty-based assets, as well as any unrecognized minimum commitments not yet paid to determine amounts we deem unlikely to be realized through product sales. Any impairments or losses determined before the launch of a product are generally charged to research and development expense. Impairments or losses determined post-launch are charged to cost of revenue. We evaluate long-lived royalty-based assets for impairment generally using undiscounted cash flows when impairment indicators exist. Unrecognized minimum royalty-based commitments are accounted for as executory contracts, and therefore, any losses on these commitments are recognized when the underlying intellectual property is abandoned (*i.e.*, cease use) or the contractual rights to use the intellectual property are terminated.

Income Taxes

We recognize deferred tax assets and liabilities for both the expected impact of differences between the financial statement amount and the tax basis of assets and liabilities and for the expected future tax benefit to be derived from tax losses and tax credit carryforwards. We record a valuation allowance against deferred tax assets when it is considered more likely than not that all or a portion of our deferred tax assets will not be realized. In making this determination, we are required to give significant weight to evidence that can be objectively verified. It is generally difficult to conclude that a valuation allowance is not needed when there is significant negative evidence, such as cumulative losses in recent years. Forecasts of future taxable income are considered to be less objective than past results, particularly in light of the economic environment. Therefore, cumulative losses weigh heavily in the overall assessment.

In addition to considering forecasts of future taxable income, we are also required to evaluate and quantify other possible sources of taxable income in order to assess the realization of our deferred tax assets, namely the reversal of existing deferred tax liabilities, the carry back of losses and credits as allowed under current tax law, and the implementation of tax planning strategies. Evaluating and quantifying these amounts involves significant judgments. Each source of income must be evaluated based on all positive and negative evidence; this evaluation involves assumptions about future activity. Certain taxable temporary differences that are not expected to reverse during the carry forward periods permitted by tax law cannot be considered as a source of future taxable income that may be available to realize the benefit of deferred tax assets.

Based on the assumptions and requirements noted above, we have recorded a valuation allowance against most of our U.S. deferred tax assets. In addition, we expect to provide a valuation allowance on future U.S. tax benefits until we can sustain a level of profitability in the U.S., or until other significant positive evidence arises that suggest that these benefits are more likely than not to be realized.

In the ordinary course of our business, there are many transactions and calculations where the tax law and ultimate tax determination is uncertain. As part of the process of preparing our Consolidated Financial Statements, we are required to estimate our income taxes in each of the jurisdictions in which we operate prior to the completion and filing of tax returns for such periods. This process requires estimating both our geographic mix of income and our uncertain tax positions in each jurisdiction where we operate. These estimates involve complex issues and require us to make judgments about the likely application of the tax law to our situation, as well as with respect to other matters, such as anticipating the positions that we will take on tax returns prior to our actually preparing the returns and the outcomes of disputes with tax authorities. The ultimate resolution of these issues may take extended periods of time due to examinations by tax authorities and statutes of limitations. In addition, changes in our business, including acquisitions, changes in our international corporate structure, changes in the geographic location of business functions or assets, changes in the geographic mix and amount of income, as well as changes in our agreements with tax authorities, valuation allowances, applicable accounting rules, applicable tax laws and regulations, rulings and interpretations thereof, developments in tax audit and other matters, and variations in the estimated and actual level of annual pre-tax income can affect the overall effective income tax rate.

RESULTS OF OPERATIONS

Our fiscal year is reported on a 52- or 53-week period that ends on the Saturday nearest March 31. Our results of operations for the fiscal years ended March 31, 2014, 2013 and 2012 each contained 52 weeks and ended on March 29, 2014, March 30, 2013, and March 31, 2012, respectively. For simplicity of disclosure, all fiscal periods are referred to as ending on a calendar month-end.

Net Revenue

Net revenue consists of sales generated from (1) video games sold as packaged goods or as digital downloads and designed for play on video game consoles (such as the PlayStation 3 and 4 from Sony and Xbox 360 and One from Microsoft) and PCs, (2) video games for mobile phones and tablets , (3) separate software products and content and online game services associated with these products, (4) licensing our game software to third parties, (5) allowing other companies to manufacture and sell our products in conjunction with other products, and (6) advertisements on our online web pages and in our games.

We provide three different measures of our Net Revenue. Two of these measures are presented in accordance with U.S. GAAP – (1) Net Revenue by Product revenue and Service and other revenue and (2) Net Revenue by Geography. The third measure is a non-GAAP financial measure – Net Revenue before Revenue Deferral by Revenue Composition, which is primarily based on method of distribution. We use this third non-GAAP financial measure internally to evaluate our operating performance, when planning, forecasting and analyzing future periods, and when assessing the performance of our management team.

Management places a greater emphasis and focus on assessing our business through a review of the Net Revenue before Revenue Deferral by Revenue Composition than by Net Revenue by Product revenue and Service and other revenue. These two measures differ as (1) Net Revenue by Product revenue and Service and other revenue

reflects the deferral and recognition of revenue in periods subsequent to the date of sale due to U.S. GAAP while Net Revenue before Revenue Deferral by Revenue Composition does not, and (2) both measures contain a different aggregation of sales from one another. For instance, Service and other revenue does not include a portion of our full-game digital download and mobile sales that are fully included in our Digital revenue. Further, Service and other revenue includes all of our revenue associated with MMO games while software sales associated with our MMOs are included in either Digital revenue or Packaged goods and other revenue depending on whether the sale was a full-game digital download or a packaged goods sale.

Comparison of Fiscal Year 2014 to Fiscal Year 2013

Net Revenue

For fiscal year 2014, Net Revenue was $3,575 million and decreased $222 million, or 6 percent, as compared to fiscal year 2013. This decrease was driven by a $745 million decrease in revenue primarily from the Mass Effect, Madden NFL, Medal of Honor, The Sims, and FIFA Street franchises. This decrease was partially offset by a $523 million increase in revenue primarily from the Battlefield, SimCity, Crysis franchises, and *The Simpsons: Tapped Out.*

Net Revenue by Product Revenue and Service and Other Revenue

Our total net revenue by product revenue and service and other revenue for fiscal years 2014 and 2013 was as follows (in millions):

	Year Ended March 31,			
	2014	2013	$ Change	% Change
Net revenue:				
Product	$2,134	$2,738	$(604)	(22)%
Service and other	$1,441	$1,059	$ 382	36%
Total net revenue	$3,575	$3,797	$(222)	(6)%

Product Revenue

For fiscal year 2014, product revenue was $2,134 million, primarily driven by *FIFA 14*, *Battlefield 4*, and *FIFA 13*. Product revenue decreased $604 million, or 22 percent, as compared to fiscal year 2013. This decrease was driven by an $842 million decrease primarily from the Mass Effect, Madden NFL, FIFA, Medal of Honor, and FIFA Street franchises. This decrease was partially offset by a $238 million increase primarily from the Battlefield, Dead Space, and Crysis franchises.

Service and Other Revenue

For fiscal year 2014, service and other revenue was $1,441 million, primarily driven by *FIFA Ultimate Team, Star Wars: The Old Republic,* and *SimCity*. Service and other revenue for fiscal year 2014 increased $382 million, or 36 percent, as compared to fiscal year 2013. This increase was driven by a $468 million increase primarily from the FIFA and SimCity franchises, and *The Simpsons: Tapped Out*. This increase was partially offset by an $86 million decrease primarily from lower revenue from *The Sims Social*, which shut down in June 2013, *Star Wars: The Old Republic,* as well as Pogo-branded online game services.

Net Revenue by Geography

We attribute net revenue from external customers to individual countries based on the location of the legal entity that sells the products and/or services. Note that revenue attributed to the legal entity that makes the sale is often not the country where the consumer resides. For example, revenue generated by our Swiss legal entities includes digital revenue from consumers who reside outside of Switzerland, including consumers who reside outside of Europe. Revenue generated by our Swiss legal entities during fiscal year 2014 represented $1,171 million, or 33

percent, of our total net revenue. Revenue generated by our Swiss legal entities during fiscal year 2013 represented $885 million, or 23 percent, of our total net revenue. Revenue generated in the United States represents over 99 percent of our total North America net revenue. No other country represented greater than 10 percent of total net revenue.

(In millions)	Year Ended March 31, 2014	2013	$ Change	% Change
North America	$1,510	$1,701	$(191)	(11)%
International	2,065	2,096	$ (31)	(1)%
Total net revenue	$3,575	$3,797	$(222)	(6)%

Net revenue in North America was $1,510 million, or 42 percent of total net revenue for fiscal year 2014, compared to $1,701 million, or 45 percent of total net revenue for fiscal year 2013, a decrease of $191 million, or 11 percent. Net revenue in North America decreased primarily due to decreased revenue in our Mass Effect, Madden NFL, Medal of Honor, FIFA franchises, and *Kingdoms of Amalur: Reckoning*, partially offset by increased revenue in our Battlefield, SimCity, Dead Space franchises, and *The Simpsons: Tapped Out* during fiscal year 2014. International net revenue was $2,065 million, or 58 percent of total net revenue during fiscal year 2014, compared to $2,096 million, or 55 percent of total net revenue during fiscal year 2013, a decrease of $31 million, or 1 percent. We estimate that foreign exchange rates (primarily due to the Euro) decreased reported International net revenue by approximately $61 million, or 3 percent, for fiscal year 2014 as compared to the exchange rates in effect for the fiscal year 2013. Excluding the effect of foreign exchange rates from International net revenue, we estimate that International net revenue increased by approximately $30 million, or 1 percent for fiscal year 2014 as compared to fiscal year 2013. This increase is primarily due to our Battlefield, SimCity, FIFA, and Crysis franchises, partially offset by decreased revenue in our Mass Effect, FIFA Street, The Sims, and Medal of Honor franchises during fiscal year 2014.

Supplemental Net Revenue by Revenue Composition

As we continue to evolve our business and more of our products are delivered to consumers digitally via the Internet, we place a greater emphasis and focus on assessing our business through a review of net revenue by revenue composition.

Net Revenue before Revenue Deferral, a non-GAAP financial measure, is provided in this section of MD&A, including a discussion of the components of this measure: (1) packaged goods and other, (2) digital, and (3) distribution. See “Non-GAAP Financial Measures” below for an explanation of our use of this non-GAAP financial measure. A reconciliation to the corresponding measure calculated in accordance with U.S. GAAP is provided in the discussion below.

“Revenue Deferral” in this “Net Revenue” section generally includes the unrecognized revenue from bundled sales of certain online-enabled games for which we do not have VSOE for the unspecified updates. Fluctuations in the Revenue Deferral are largely dependent upon the amounts of products that we sell with the online features and services previously discussed, while the Recognition of Revenue Deferral for a period is also dependent upon (1) the amount deferred, (2) the period of time the software-related offerings are to be provided, and (3) the timing of the sale. For example, most Revenue Deferrals incurred in the first quarter of a fiscal year are recognized within the same fiscal year; however, substantially all of the Revenue Deferrals incurred in the last month of a fiscal year will be recognized in the subsequent fiscal year.

Our total net revenue by revenue composition for fiscal years 2014 and 2013 was as follows (in millions):

	Year Ended March 31,			
	2014	2013	$ Change	% Change
Packaged goods and other	$ 2,149	$ 2,028	$ 121	6%
Digital	1,793	1,663	130	8%
Distribution	79	102	(23)	(23)%
Net Revenue before Revenue Deferral	4,021	3,793	228	6%
Revenue Deferral	(3,350)	(3,022)	(328)	(11)%
Recognition of Revenue Deferral	2,904	3,026	(122)	(4)%
Total net revenue	$ 3,575	$ 3,797	$(222)	(6)%

Net Revenue before Revenue Deferral

Packaged goods and other Revenue

Packaged goods revenue (previously disclosed as "publishing revenue") includes sales of software that is distributed physically. This includes (1) sales of our internally-developed and co-published game software distributed physically through traditional channels such as brick and mortar retailers, and (2) our software licensing revenue from third parties (for example, makers of personal computers or computer accessories) who include certain of our products for sale with their products ("OEM bundles"). Other revenue includes our non-software licensing revenue.

For fiscal year 2014, packaged goods and other Net Revenue before Revenue Deferral was $2,149 million, primarily driven by *FIFA 14*, *Battlefield 4, and Madden NFL 25*. Packaged goods and other Net Revenue before Revenue Deferral for fiscal year 2014 increased $121 million, or 6 percent, as compared to fiscal year 2013. This increase was driven by a $652 million increase in sales primarily from the Battlefield and FIFA franchises, and *Titanfall.* This increase was partially offset by a $532 million decrease in sales primarily from the Medal of Honor, The Sims, Crysis, and Dead Space franchises.

Digital Revenue

Digital revenue (previously disclosed as "wireless, Internet-derived, and advertising (digital) revenue") includes sales of software distributed through direct download via the Internet. This includes internally-developed and co-published game software distributed through our direct-to-consumer platform Origin, distributed wirelessly through mobile carriers, or licensed to our third-party publishing partners who distribute our games digitally. This includes our full-game downloads, mobile and tablet revenue (each of which are generally classified as product revenue with the exception of our MMO game downloads and freemium mobile games, which are classified as service revenue), as well as subscription services, micro-transactions, and advertising revenues (each of which is generally classified as service and other revenue).

For fiscal year 2014, digital Net Revenue before Revenue Deferral was $1,793 million, an increase of $130 million, or 8%, as compared to fiscal year 2013. This increase is due to (1) a $297 million or 24 percent increase in full-game download, extra content and free-to-play sales primarily driven by *FIFA 14*, *Battlefield 4*, and *FIFA Online 3.* These increases were partially offset by a $167 million or 39 percent decrease in subscription sales primarily driven by *Battlefield 3 Premium* subscription, *Star Wars: The Old Republic* and *FIFA 13*. In the previous year, *Star Wars: The Old Republic* was a subscription-only based MMO. This year, some of the revenue from this title was recognized in the free-to-play category as we expanded this title to be both a subscription and free-to-play game.

Distribution Revenue

For fiscal year 2014, distribution net revenue was $79 million and decreased $23 million, or 23 percent, compared to fiscal year 2013. This decrease was primarily driven by decreases in sales from *The Secret World* and our Switzerland distribution business.

Revenue Deferral

Revenue Deferral for fiscal year 2014 increased $328 million, or 11 percent, as compared to fiscal year 2013. Substantially all of this increase was due to a $251 million increase in Net Revenue before Revenue Deferral related to our Packaged goods and other and digital sales during fiscal year 2014 as compared to fiscal year 2013, and a slightly higher percentage of both our packaged goods and other and digital sales being deferred and recognized over time.

Recognition of Revenue Deferral

The Recognition of Revenue Deferral for fiscal year 2014 decreased $122 million, or 4 percent, as compared to fiscal year 2013, primarily due to the increase in our estimated offering period, which commenced during the second quarter of fiscal 2014 for physical games sold through retail from six to nine months.

Non-GAAP Financial Measures

Net Revenue before Revenue Deferral is a non-GAAP financial measure that excludes the impact of Revenue Deferral and the Recognition of Revenue Deferral on Net Revenue related to sales of games and digital content.

We believe that excluding the impact of Revenue Deferral and the Recognition of Revenue Deferral related to games and digital content from our operating results is important to facilitate comparisons between periods in understanding our underlying sales performance for the period, and understanding our operations because all related costs of revenues are expensed as incurred instead of deferred and recognized ratably. We use this non-GAAP financial measure internally to evaluate our operating performance, when planning, forecasting and analyzing future periods, and when assessing the performance of our management team. While we believe that this non-GAAP financial measure is useful in evaluating our business, this information should be considered as supplemental in nature and is not meant to be considered in isolation from or as a substitute for the related financial information prepared in accordance with GAAP. In addition, this non-GAAP financial measure may not be the same as non-GAAP financial measures presented by other companies.

Product Revenue and Service and Other Revenue by Revenue Composition

Our product and service and other revenue by revenue composition for fiscal years 2014 and 2013 was as follows (in millions):

	Year Ended March 31	
	2014	2013
Product revenue:		
Packaged goods and other	$1,512	$2,164
Digital	543	472
Distribution	79	102
Total product revenue	2,134	2,738
Service and other revenue:		
Packaged goods and other	151	91
Digital	1,290	968
Total service and other revenue	1,441	1,059
Total net revenue	$3,575	$3,797

Cost of Revenue

Total cost of revenue for fiscal years 2014 and 2013 was as follows (in millions):

	March 31, 2014	% of Related Net Revenue	March 31, 2013	% of Related Net Revenue	% Change	Change as a % of Related Net Revenue
Cost of revenue:						
Product	$1,032	48.4%	$1,085	39.6%	(4.9)%	8.8%
Service and other	315	21.9%	303	28.6%	4.0%	(6.7)%
Total cost of revenue	$1,347	37.7%	$1,388	36.6%	(3.0)%	1.1%

Cost of Product Revenue

Cost of product revenue consists of (1) product costs, (2) certain royalty expenses for celebrities, professional sports and other organizations, and independent software developers, (3) manufacturing royalties, net of volume discounts and other vendor reimbursements, (4) expenses for defective products, (5) write-offs of post launch prepaid royalty costs, (6) amortization of certain intangible assets, (7) personnel-related costs, and (8) warehousing and distribution costs. We generally recognize volume discounts when they are earned from the manufacturer (typically in connection with the achievement of unit-based milestones); whereas other vendor reimbursements are generally recognized as the related revenue is recognized.

Cost of product revenue decreased by $53 million, or 4.9 percent in fiscal year 2014, as compared to fiscal year 2013. The decrease was primarily due to intangible impairment charges incurred in fiscal year 2013 compared to an immaterial amount of such charges incurred during fiscal year 2014, and a decrease in royalty costs due to fewer royalty-bearing products released during fiscal year 2014, as compared to fiscal year 2013.

Cost of Service and Other Revenue

Cost of service and other revenue consists primarily of (1) data center and bandwidth costs associated with hosting our online games and websites, (2) associated royalty costs, (3) credit card fees associated with our service revenue, (4) server costs related to our website advertising business, and (5) platform processing fees from operating our website-based games on third party platforms.

Cost of service and other revenue increased by $12 million, or 4.0 percent in fiscal year 2014, as compared to fiscal year 2013. The increase was primarily due to an increase in product costs due to the release of *Titanfall* and an increase in royalty costs due to more royalty-bearing services released during fiscal year 2014, as compared to fiscal year 2013.

Total Cost of Revenue as a Percentage of Total Net Revenue

Total cost of revenue as a percentage of total net revenue remained relatively consistent during fiscal year 2014 as compared to fiscal year 2013.

Research and Development

Research and development expenses consist of expenses incurred by our production studios for personnel-related costs, related overhead costs, contracted services, depreciation and any impairment of prepaid royalties for pre-launch products. Research and development expenses for our online products include expenses incurred by our studios consisting of direct development and related overhead costs in connection with the development and production of our online games. Research and development expenses also include expenses associated with the development of network infrastructure, software licenses and maintenance, and management overhead.

Research and development expenses for fiscal years 2014 and 2013 were as follows (in millions):

March 31, 2014	% of Net Revenue	March 31, 2013	% of Net Revenue	$ Change	% Change
$1,125	31%	$1,153	30%	$(28)	(2)%

Research and development expenses decreased by $28 million, or 2 percent, in fiscal year 2014, as compared to fiscal year 2013. This decrease was primarily due to a $49 million decrease in contracted services as a result of fewer titles released this fiscal year as compared to the prior fiscal year. This was partially offset by a $25 million increase in facility-related costs related to higher rent and depreciation expenses.

Marketing and Sales

Marketing and sales expenses consist of personnel-related costs, related overhead costs, advertising, marketing and promotional expenses, net of qualified advertising cost reimbursements from third parties.

Marketing and sales expenses for fiscal years 2014 and 2013 were as follows (in millions):

March 31, 2014	% of Net Revenue	March 31, 2013	% of Net Revenue	$ Change	% Change
$680	19%	$788	21%	$(108)	(14)%

Marketing and sales expenses decreased by $108 million, or 14 percent, in fiscal year 2014, as compared to fiscal year 2013. The decrease was primarily due to (1) a $54 million decrease in personnel-related costs resulting from a decrease in headcount, (2) a $29 million decrease in advertising and promotional spending on our franchises as compared to the prior year, and (3) a $24 million decrease in contracted services.

General and Administrative

General and administrative expenses consist of personnel and related expenses of executive and administrative staff, corporate functions such as finance and human resources, related overhead costs, fees for professional services such as legal and accounting, and allowances for doubtful accounts.

General and administrative expenses for fiscal years 2014 and 2013 were as follows (in millions):

March 31, 2014	% of Net Revenue	March 31, 2013	% of Net Revenue	$ Change	% Change
$410	11%	$354	9%	$56	16%

General and administrative expenses increased by $56 million, or 16 percent, in fiscal year 2014, as compared to fiscal year 2013. The increase was primarily due to (1) a $30 million accrual related to the anticipated settlement of a litigation matter related to our college football franchise, (2) an $18 million loss on a license related to our college football franchise, and (3) a $13 million increase in incentive-based compensation expense. This was partially offset by a $7 million decrease in facility-related costs.

Acquisition-Related Contingent Consideration

Acquisition-related contingent consideration for fiscal years 2014 and 2013 were as follows (in millions):

March 31, 2014	% of Net Revenue	March 31, 2013	% of Net Revenue	$ Change	% Change
$(35)	(1)%	$(64)	(2)%	$29	45%

During fiscal year 2014, acquisition-related contingent consideration credits decreased by $29 million, or 45 percent, as compared to fiscal year 2013, primarily resulting from changes in our earn-out estimates related to our PopCap acquisition. The PopCap earn-out expired on December 31, 2013. No payments were made under this earn-out.

Amortization of Intangibles

Amortization of intangibles for fiscal years 2014 and 2013 were as follows (in millions):

March 31, 2014	% of Net Revenue	March 31, 2013	% of Net Revenue	$ Change	% Change
$16	—%	$30	1%	$(14)	(47)%

Amortization of intangibles decreased by $14 million, or 47 percent, in fiscal year 2014, as compared to fiscal year 2013, primarily due to certain intangible assets from our acquisitions being fully amortized and impairment charges incurred during fiscal year 2013.

Restructuring and Other Charges

Restructuring and other charges for fiscal years 2014 and 2013 were as follows (in millions):

March 31, 2014	% of Net Revenue	March 31, 2013	% of Net Revenue	$ Change	% Change
$(1)	—%	$27	1%	$(28)	(104)%

Restructuring and other charges decreased as compared to fiscal year 2013, as there were no new restructuring initiatives in fiscal year 2014. See the "Liquidity and Capital Resources" section on page 51 for additional information regarding our previous restructuring plans.

Interest and Other Income (Expense), Net

Interest and other income (expense), net, for fiscal years 2014 and 2013 were as follows (in millions):

March 31, 2014	% of Net Revenue	March 31, 2013	% of Net Revenue	$ Change	% Change
$(26)	(1)%	$(21)	(1)%	$(5)	(24)%

Interest and other income (expense), net, remained relatively consistent, as compared to fiscal year 2013.

Income Taxes

Provision for (benefit from) income taxes for fiscal years 2014 and 2013 was as follows (in millions):

March 31, 2014	Effective Tax Rate	March 31, 2013	Effective Tax Rate
$(1)	(14.3)%	$41	29.5%

Our effective tax rate for the fiscal year 2014 was a tax benefit of 14.3%. The fiscal year 2014 effective tax rate differs from the statutory rate of 35.0 percent as a result of the utilization of U.S. deferred tax assets subject to a valuation allowance and tax benefits related to the expiration of statutes of limitations and the resolution of examinations by taxing authorities.

Our effective tax rate for the fiscal year 2013 differs from the statutory rate of 35.0 percent primarily due to the U.S. losses for which no benefit is recognized and non-deductible stock-based compensation, offset by non-U.S. profits subject to reduced or zero tax rates and the nontaxable change in the estimated fair value of acquisition-related contingent consideration.

Our effective income tax rates for fiscal year 2015 and future periods will depend on a variety of factors, including changes in the deferred tax valuation allowance, changes in our business such as acquisitions and intercompany transactions, changes in our international structure, changes in the geographic location of business functions or assets, changes in the geographic mix of income, changes in or termination of our agreements with tax authorities, applicable accounting rules, applicable tax laws and regulations, rulings and interpretations

thereof, developments in tax audit and other matters, and variations in our annual pre-tax income or loss. We incur certain tax expenses that do not decline proportionately with declines in our pre-tax consolidated income or loss. As a result, in absolute dollar terms, our tax expense will have a greater influence on our effective tax rate at lower levels of pre-tax income or loss than at higher levels. In addition, at lower levels of pre-tax income or loss, our effective tax rate will be more volatile.

Certain taxable temporary differences that are not expected to reverse during the carry forward periods permitted by tax law have not been considered as a source of future taxable income that is available to realize the benefit of deferred tax assets.

The American Taxpayer Relief Act of 2012 (the "Act") was signed into law on January 2, 2013. The Act contains a number of provisions including, most notably, an extension of the research tax credit through December 31, 2013. The Act did not have a material impact on our effective tax rate for fiscal 2013 due to the effect of the valuation allowance on our deferred tax assets.

Historically, we have considered undistributed earnings of our foreign subsidiaries to be indefinitely reinvested outside of the United States and, accordingly, no U.S. taxes have been provided thereon. In connection with a review of our cash position including potential future cash needs for stock repurchases and debt retirement, we made a one-time repatriation of $700 million from certain of our wholly-owned subsidiaries during the three months ended March 31, 2014. This repatriation did not have a material impact on our effective tax rate for fiscal 2014 due to the deferred tax valuation allowance.

The remaining undistributed foreign earnings of approximately $150 million, principally related to Electronic Arts (Canada), will continue to be indefinitely reinvested going forward. If these earnings were to be repatriated in the future, they may be subject to additional U.S. income taxes.

Comparison of Fiscal Year 2013 to Fiscal Year 2012

Net Revenue

For fiscal year 2013, net revenue was $3,797 million and decreased $346 million, or 8 percent, as compared to fiscal year 2012. This decrease was driven by a $1,181 million decrease in revenue primarily from the Battlefield, Crysis, Dragon Age, Portal, and Need for Speed franchises. This decrease was partially offset by an $835 million increase in revenue primarily from the FIFA, Mass Effect, and FIFA Street franchises.

Net Revenue by Product Revenue and Service and Other Revenue

Our total net revenue by product revenue and service and other revenue for fiscal years 2013 and 2012 was as follows (in millions):

	Year Ended March 31,			
	2013	2012	$ Change	% Change
Net revenue:				
Product	$2,738	$3,415	$(677)	(20)%
Service and other	1,059	728	331	45%
Total net revenue	$3,797	$4,143	$(346)	(8)%

Product Revenue

For fiscal year 2013, product revenue was $2,738 million, primarily driven by *FIFA 13, Battlefield 3*, and *Madden NFL 13*. Product revenue for fiscal year 2013 decreased $677 million, or 20 percent, as compared to fiscal year 2012. This decrease was driven by a $1,224 million decrease primarily from the Battlefield, Crysis, Dragon Age, Portal, and Need for Speed franchises. This decrease was partially offset by a $547 million increase primarily from the Mass Effect, FIFA, and FIFA Street franchises.

Service and Other Revenue

For fiscal year 2013, service and other revenue was $1,059 million, primarily driven by *Star Wars: The Old Republic* and *FIFA 13 Ultimate Team,* as well as *Battlefield 3 Premium* subscriptions. Service and other revenue for fiscal year 2013 increased $331 million, or 45 percent, as compared to fiscal year 2012. This increase was driven by a $396 million increase primarily from services associated with the FIFA and Battlefield franchises, along with *Star Wars: The Old Republic* (which launched in December 2011). This increase was partially offset by a $65 million decrease from Pogo-branded online game services and certain franchises including Warhammer and Ultima Online.

Net Revenue by Geography

(In millions)	Year Ended March 31,			
	2013	2012	$ Change	% Change
North America	$1,701	$1,991	$(290)	(15)%
International	2,096	2,152	(56)	(3)%
Total net revenue	$3,797	$4,143	$(346)	(8)%

Net revenue in North America was $1,701 million, or 45 percent of total net revenue for fiscal year 2013, compared to $1,991 million, or 48 percent of total net revenue for fiscal year 2012, a decrease of $290 million, or 15 percent. This decrease was driven by a $657 million decrease from certain franchises including Battlefield, Dragon Age, Portal, Crysis, and Need for Speed franchises. This decrease was offset by a $367 million increase primarily from the Mass Effect franchise, as well as *Star Wars: The Old Republic* and *Kingdoms of Amalur: Reckoning*. International net revenue was $2,096 million, or 55 percent of total net revenue during fiscal year 2013, compared to $2,152 million, or 52 percent of total net revenue during fiscal year 2012, a decrease of $56 million, or 3 percent. We estimate that foreign exchange rates (primarily due to the Euro and Swiss Franc) decreased reported International net revenue by approximately $127 million, or 6 percent, for fiscal year 2013. Excluding the effect of foreign exchange rates from International net revenue, we estimate that International net revenue increased by approximately $71 million, or 3 percent, for fiscal year 2013 as compared to fiscal year 2012. This increase is primarily due to greater revenue from our Battlefield, Crysis, Need for Speed, Dragon Age, and The Sims franchises, partially offset by decreased revenue in our FIFA, Mass Effect, and FIFA Street franchises during fiscal year 2013.

Supplemental Net Revenue by Revenue Composition

Our total net revenue by revenue composition for fiscal years 2013 and 2012 was as follows (in millions):

	Year Ended March 31,			
	2013	2012	$ Change	% Change
Packaged goods and other	$ 2,028	$ 2,736	$(708)	(26)%
Digital	1,663	1,227	436	36%
Distribution	102	223	(121)	(54)%
Net Revenue before Revenue Deferral	3,793	4,186	(393)	(9)%
Revenue Deferral	(3,022)	(3,142)	120	4%
Recognition of Revenue Deferral	3,026	3,099	(73)	(2)%
Total net revenue	$ 3,797	$ 4,143	$(346)	(8)%

Net Revenue before Revenue Deferral

Packaged goods and Other Revenue

Packaged goods and other revenue includes (1) sales of our internally-developed and co-published game software distributed physically through traditional channels such as brick and mortar retailers, (2) our non-software licensing revenue, and (3) our software licensing revenue from third parties (for example, makers of personal computers or computer accessories) who include certain of our products for sale with their products ("OEM bundles").

For fiscal year 2013, packaged goods and other Net Revenue before Revenue Deferral was $2,028 million, primarily driven by *FIFA 13*, *Madden NFL 13*, and *Need for Speed Most Wanted*. Packaged goods and other Net Revenue before Revenue Deferral for fiscal year 2013 decreased $708 million, or 26 percent, as compared to fiscal year 2012. This decrease was driven by a $1,130 million decrease in sales primarily from the Battlefield and Mass Effect franchises, as well as *Star Wars: The Old Republic.* This decrease was partially offset by a $422 million increase in sales primarily from the FIFA, Medal of Honor, and Dead Space franchises.

Digital Revenue

Digital revenue includes revenue from sales of our internally-developed and co-published game software distributed through direct download through the Internet, including through our direct-to-consumer platform Origin, or distributed wirelessly through mobile carriers. This includes our full-game downloads, mobile and tablet revenue (each of which are generally classified as product revenue with the exception of our MMO game downloads and freemium mobile games which are classified as service revenue) as well as subscription services, micro-transactions, and advertising revenues (each of which is generally classified as service and other revenue).

For fiscal year 2013, digital Net Revenue before Deferral was $1,663 million, an increase of $436 million, or 36 percent, as compared to fiscal year 2012. This increase is due to (1) a $221 million or 51 percent increase in extra content and free-to-play sales primarily driven by the FIFA and Bejeweled franchises, along with *Star Wars: The Old Republic,* (2) a $136 million or 47 percent increase in subscription and advertising sales primarily driven by *Battlefield 3 Premium* subscriptions*,* (3) an $86 million or 30 percent increase in mobile sales primarily driven by *The Simpsons: Tapped Out* and *FIFA World Class Soccer*. These increases were partially offset by a $7 million or 3 percent decrease in full-game download sales primarily driven by *Star Wars: The Old Republic* and the Battlefield franchise.

Distribution Revenue

For fiscal year 2013, distribution net revenue was $102 million and decreased $121 million, or 54 percent, as compared to fiscal year 2012, due to a decrease in sales primarily from the Portal franchise and to a lesser extent, our Switzerland distribution business.

Revenue Deferral

Revenue Deferral for fiscal year 2013 decreased $120 million, or 4 percent, as compared to fiscal year 2012. This decrease was primarily due to a $708 million decrease in Net Revenue before Revenue Deferral related to our packaged goods and other sales, which was partially offset by a higher percentage of digital sales being deferred and recognized over time, due in part to a 51 percent increase in extra content and free-to-play sales, a 47 percent increase in subscription and advertising revenue, a 30 percent increase in mobile sales, all of which contain an online service component requiring revenue recognition over the period of time that the service is delivered.

Recognition of Revenue Deferral

Our non-distribution sales are generally deferred and recognized over a weighted average six-month period, and therefore, the related revenue recognized in any fiscal year is primarily due to sales that occurred during the respective twelve months period ended December 31. The Recognition of Revenue Deferral for fiscal year 2013 decreased $73 million, or 2 percent, as compared to fiscal year 2012. This decrease was primarily due to lower publishing sales during the twelve months ended December 31, 2013 as compared to the same period in fiscal year 2012.

Product Revenue and Service and Other Revenue by Revenue Composition

Our product and service and other revenue by revenue composition for fiscal years 2013 and 2012 was as follows (in millions):

	Year Ended March 31	
	2013	2012
Product revenue:		
Packaged goods and other	$2,164	$2,674
Digital	472	518
Distribution	102	223
Total product revenue	2,738	3,415
Service and other revenue:		
Packaged goods and other	91	87
Digital	968	641
Total service and other revenue	1,059	728
Total net revenue	$3,797	$4,143

Cost of Revenue

Total cost of revenue for fiscal years 2013 and 2012 was as follows (in millions):

	March 31, 2013	% of Related Net Revenue	March 31, 2012	% of Related Net Revenue	% Change	Change as a % of Related Net Revenue
Cost of revenue:						
Product	$1,085	39.6%	$1,374	40.2%	(21.0)%	(0.6)%
Service and other	303	28.6%	224	30.8%	35.3%	(2.2)%
Total cost of revenue	$1,388	36.6%	$1,598	38.6%	(13.1)%	(2.0)%

Cost of Product Revenue

Cost of product revenue decreased by $289 million, or 21.0 percent in fiscal year 2013, as compared to fiscal year 2012. The decrease was primarily due to a decrease in the number of titles released, which led to a 19 percent decrease in packaged goods and other revenue and a 54 percent decrease in distribution revenue, during fiscal year 2013, as compared to fiscal year 2012.

Cost of Service and Other Revenue

Cost of service and other revenue increased by $79 million, or 35.3 percent in fiscal year 2013, as compared to fiscal year 2012. The increase was primarily due to increased server and support costs due to the release of more online-connected and subscription-based titles and related content during fiscal year 2013, as compared to fiscal year 2012.

Total Cost of Revenue as a Percentage of Total Net Revenue

During fiscal year 2013, total cost of revenue as a percentage of total net revenue decreased by 2.0 percent as compared to fiscal year 2012. This decrease as a percentage of net revenue is primarily due to (1) a 54 percent decrease in distribution revenue which has higher costs and (2) a greater percentage of net revenue from our digital products and services that have a lower cost than our packaged goods and other products.

Research and Development

Research and development expenses consist of expenses incurred by our production studios for personnel-related costs, related overhead costs, contracted services, depreciation and any impairment of prepaid royalties for pre-launch products. Research and development expenses for our online products include expenses incurred by our

studios consisting of direct development and related overhead costs in connection with the development and production of our online games. Research and development expenses also include expenses associated with the development of website content, software licenses and maintenance, network infrastructure and management overhead.

Research and development expenses for fiscal years 2013 and 2012 were as follows (in millions):

March 31, 2013	% of Net Revenue	March 31, 2012	% of Net Revenue	$ Change	% Change
$1,153	30%	$1,180	28%	$(27)	(2)%

Research and development expenses decreased by $27 million, or 2 percent, in fiscal year 2013, as compared to fiscal year 2012. This decrease was primarily due to (1) a $17 million decrease in incentive-based compensation expense, (2) a $14 million decrease in contracted services, and (3) a $9 million decrease in stock-based compensation expense. These decreases were partially offset by a $17 increase million in personnel-related costs.

Marketing and Sales

Marketing and sales expenses consist of personnel-related costs, related overhead costs, advertising, marketing and promotional expenses, net of qualified advertising cost reimbursements from third parties.

Marketing and sales expenses for fiscal years 2013 and 2012 were as follows (in millions):

March 31, 2013	% of Net Revenue	March 31, 2012	% of Net Revenue	$ Change	% Change
$788	21%	$883	21%	$(95)	(11)%

Marketing and sales expenses decreased by $95 million, or 11 percent, in fiscal year 2013, as compared to fiscal year 2012. The decrease was primarily due to (1) a $111 million decrease in advertising and promotional spending on our franchises due to fewer frontline title releases as compared to the prior year, (2) a $7 million decrease in contracted services, and (3) a $7 million decrease in incentive-based compensation expense. This was partially offset by a $29 million increase in personnel-related costs.

Marketing and sales expenses included vendor reimbursements for advertising expenses of $45 million and $39 million in fiscal years 2013 and 2012, respectively.

General and Administrative

General and administrative expenses consist of personnel and related expenses of executive and administrative staff, related overhead costs, fees for professional services such as legal and accounting, and allowances for doubtful accounts.

General and administrative expenses for fiscal years 2013 and 2012 were as follows (in millions):

March 31, 2013	% of Net Revenue	March 31, 2012	% of Net Revenue	$ Change	% Change
$354	9%	$377	9%	$(23)	(6)%

General and administrative expenses decreased by $23 million, or 6 percent, in fiscal year 2013, as compared to fiscal year 2012. The decrease was primarily due to (1) a $27 million accrual related to a settlement of a litigation matter recorded in fiscal year 2012, (2) a $12 million decrease in contracted services primarily related to litigation matters, and (3) a $10 million decrease in incentive-based compensation expense. This was partially offset by an increase in personnel-related costs for $26 million.

Acquisition-Related Contingent Consideration

Acquisition-related contingent consideration for fiscal years 2013 and 2012 were as follows (in millions):

March 31, 2013	% of Net Revenue	March 31, 2012	% of Net Revenue	$ Change	% Change
$(64)	(2)%	$11	—%	$(75)	(682)%

Acquisition-related contingent consideration expense decreased by $75 million, or 682 percent, in fiscal year 2013, as compared to fiscal year 2012, primarily resulting from decreases in our accrual related to our PopCap acquisition.

Amortization of Intangibles

Amortization of intangibles for fiscal years 2013 and 2012 were as follows (in millions):

March 31, 2013	% of Net Revenue	March 31, 2012	% of Net Revenue	$ Change	% Change
$30	1%	$43	1%	$(13)	(30)%

Amortization of intangibles decreased by $13 million, or 30 percent, in fiscal year 2013, as compared to fiscal year 2012, primarily due to certain intangible assets from our prior year acquisitions being fully amortized during fiscal year 2012. This decrease was partially offset by $5 million of impairment charges recognized in fiscal year 2013.

Restructuring and Other Charges

Restructuring and other charges for fiscal years 2013 and 2012 were as follows (in millions):

March 31, 2013	% of Net Revenue	March 31, 2012	% of Net Revenue	$ Change	% Change
$27	1%	$16	—%	$11	69%

During fiscal year 2013, restructuring and other charges increased by $11 million, or 69 percent, as compared to fiscal year 2012, primarily due to (1) $22 million in costs in connection with our fiscal 2013 restructuring, which was initiated in this fiscal year, and (2) a $10 million gain on the sale of our facility in Chertsey, England related to our fiscal 2008 reorganization that was recognized during fiscal year 2012, and for which there was no comparable gain in the current year. These increases were partially offset by costs that were recognized during fiscal year 2012 comprised of (1) $15 million expense adjustment for the amendment of certain licensing agreements related to our fiscal 2011 restructuring plan, and (2) $6 million in IT and other costs to assist in reorganizing certain activities.

Gains on Strategic Investments, Net

Gains on strategic investments, net, for fiscal years 2013 and 2012 were as follows (in millions):

March 31, 2013	% of Net Revenue	March 31, 2012	% of Net Revenue	$ Change	% Change
$39	1%	$—	—%	$39	—%

During fiscal year 2013, we sold our investment in Neowiz for proceeds of $72 million, and realized a gain of $39 million, net of costs to sell. We did not recognize any impairment charges or losses on our marketable equity securities during the year ended March 31, 2013.

Interest and Other Income (Expense), Net

Interest and other income (expense), net, for fiscal years 2013 and 2012 were as follows (in millions):

March 31, 2013	% of Net Revenue	March 31, 2012	% of Net Revenue	$ Change	% Change
$(21)	(1)%	$(17)	—%	$(4)	(24)%

Interest and other income (expense), net increased by $4 million, or 24 percent, during fiscal year 2013 as compared to the fiscal year 2012, primarily due to (1) a $22 million change due to a $1 million loss in the current year compared to a $21 million gain in the prior year in foreign currency forward contract gains and losses, (2) a $9 million increase in interest expense, including the amortization of debt discount recognized in connection with our 0.75% Convertible Senior Notes due 2016, and (3) a $3 million decrease in interest income as a result of decreasing average cash balances. This was partially offset by a $31 million increase in foreign currency transaction gains as compared to the same period in the prior year.

Income Taxes

Provision for (benefit from) income taxes for fiscal years 2013 and 2012 was as follows (in millions):

March 31, 2013	Effective Tax Rate	March 31, 2012	Effective Tax Rate
$41	29.5%	$(58)	(322.2)%

Our effective tax rate for the fiscal year 2013 was a tax expense of 29.5%. The fiscal year 2013 effective tax rate differs from the statutory rate of 35.0 percent primarily due to the U.S. losses for which no benefit is recognized and non-deductible stock-based compensation, offset by non-U.S. profits subject to reduced or zero tax rates and the nontaxable change in the estimated fair value of acquisition-related contingent consideration.

Our effective tax rate for the fiscal year 2012 was a tax benefit of 322.2 percent. In fiscal year 2012, we recorded approximately $58 million of additional net deferred tax liabilities related to the PopCap and KlickNation Corporation (“KlickNation”) acquisitions. These additional deferred tax liabilities create a new source of taxable income, thereby requiring us to release a portion of our deferred tax asset valuation allowance with a related reduction in income tax expense of $58 million. In addition, during the three months ended March 31, 2012, we recorded $48 million of additional tax benefits related to the expiration of statutes of limitations in non-U.S. tax jurisdictions.

The fiscal year 2012 effective tax rate differs from the statutory rate of 35.0 percent as a result of the utilization of U.S. deferred tax assets subject to a valuation allowance and non-U.S. profits subject to a reduced or zero tax rate, partially offset by non-deductible stock-based compensation. In addition, the fiscal year 2012 effective tax rate is impacted by tax benefits related to the expiration of statutes of limitations and the resolution of examinations by taxing authorities, as well as a reduction in the U.S. valuation allowance related to the PopCap and KlickNation acquisitions.

Impact of Recently Issued Accounting Standards

In April 2014, the FASB issued ASU 2014-08, *Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360)*. The amendments of this ASU require that only the disposals representing a strategic shift in operations should be presented as discontinued operations. Those strategic shifts should have a major effect on the organization’s operations and financial results. The disclosure requirements will be effective for annual periods (and interim periods within those annual periods) beginning after December 15, 2014, and will require prospective application. Early adoption is permitted. We expect to adopt this new standard in the first quarter of fiscal year 2016. We do not expect the adoption to have a material impact on our Consolidated Financial Statements.

In July 2013, the FASB issued ASU 2013-11, *Income Taxes (Topic 220): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists*. The amendments of this ASU require that entities that have an unrecognized tax benefit and a net operating loss carryforward or similar tax loss or tax credit carryforward in the same jurisdiction as the uncertain tax position present the unrecognized tax benefit as a reduction of the deferred tax asset for the loss or tax credit carryforward rather than as a liability when the uncertain tax position would reduce the loss or tax credit carryforward under the tax law. The disclosure requirements will be effective for annual periods (and interim periods within those annual periods) beginning after December 15, 2013, and will require prospective application. Early adoption is permitted. The adoption will impact our balance sheet only, and we expect to adopt this new standard in the first quarter of fiscal year 2015. While we have not completed our analysis, we anticipate the adoption will result in equal reductions to both deferred tax assets and noncurrent income tax obligations between $80 million and $90 million.

LIQUIDITY AND CAPITAL RESOURCES

(In millions)	As of March 31, 2014	As of March 31, 2013	Increase
Cash and cash equivalents	$1,782	$1,292	$ 490
Short-term investments	583	388	195
Total	$2,365	$1,680	$ 685
Percentage of total assets	41%	33%	

(In millions)	Year Ended March 31, 2014	Year Ended March 31, 2013	Change
Cash provided by operating activities	$ 712	$ 324	$ 388
Cash provided by (used in) investing activities	(301)	32	(333)
Cash provided by (used in) financing activities	89	(345)	434
Effect of foreign exchange on cash and cash equivalents	(10)	(12)	2
Net increase (decrease) in cash and cash equivalents	$ 490	$ (1)	$ 491

Changes in Cash Flow

Operating Activities. Cash provided by operating activities increased $388 million during fiscal year 2014 as compared to fiscal year 2013. The change is primarily due to (1) a $228 million increase in Net Revenue before Revenue Deferral during fiscal year 2014 as compared to fiscal year 2013, (2) a $108 million decrease in marketing and sales expenses during fiscal year 2014 as compared to fiscal year 2013, (3) a $28 million decrease in research and development expenses during fiscal year 2014 as compared to fiscal year 2013, and (4) $25 million of lower payments made under our restructuring plans during fiscal year 2014 as compared to fiscal year 2013. These increases were partially offset by (1) an $80 million increase in royalty-related payments during fiscal year 2014 as compared to fiscal year 2013, and (2) a $56 million increase in general and administrative expenses during fiscal year 2014 as compared to fiscal year 2013.

Investing Activities. Cash provided by investing activities decreased $333 million during fiscal year 2014 as compared to fiscal year 2013 primarily driven by (1) a $186 million increase in purchases of short-term investments during fiscal year 2014 as compared to fiscal year 2013, (2) a $72 million decrease in proceeds from the sales of marketable equity securities during fiscal year 2014 as compared to fiscal year 2013, (3) a $58 million decrease in proceeds received from maturities and sales of short-term investments during fiscal year 2014 as compared to fiscal year 2013, and (4) a $31 million release of acquisition-related cash that was no longer restricted during fiscal year 2014 as compared to the fiscal year 2013.

Financing Activities. Cash used in financing activities decreased $434 million during fiscal year 2014 as compared to fiscal year 2013 primarily due to (1) $349 million used to repurchase and retire common stock during fiscal year 2013 as compared to no stock repurchases during fiscal year 2014, (2) an increase of $43 million in proceeds received from the exercise of stock options during fiscal year 2014, (3) a $27 million decrease in acquisition-related contingent consideration payments during fiscal year 2014 as compared to fiscal year 2013 and (4) a $13 million excess tax benefit recognized during fiscal year 2014 as compared to no benefit recognized during fiscal year 2013.

Short-term Investments

Due to our mix of fixed and variable rate securities, our short-term investment portfolio is susceptible to changes in short-term interest rates. As of March 31, 2014, our short-term investments had gross unrealized gains of less than $1 million, or less than 1 percent of the total in short-term investments, and gross unrealized losses of less than $1 million, or less than 1 percent of the total in short-term investments. From time to time, we may liquidate some or all of our short-term investments to fund operational needs or other activities, such as capital

expenditures, business acquisitions or stock repurchase programs. Depending on which short-term investments we liquidate to fund these activities, we could recognize a portion, or all, of the gross unrealized gains or losses.

Fiscal 2011 Restructuring

In connection with our fiscal 2011 restructuring plan, we expect to incur cash expenditures through June 2016 of approximately (1) $10 million in fiscal year 2015, (2) $9 million in fiscal year 2016, and (3) $34 million in fiscal year 2017. The actual cash expenditures are variable as they will be dependent upon the actual revenue we generate from certain games.

Financing Arrangement

In July 2011, we issued $632.5 million aggregate principal amount of 0.75% Convertible Senior Notes due 2016 (the "Notes"). The Notes are senior unsecured obligations which pay interest semiannually in arrears at a rate of 0.75 percent per annum on January 15 and July 15 of each year, beginning on January 15, 2012 and will mature on July 15, 2016, unless earlier purchased or converted in accordance with their terms prior to such date. The Notes are convertible into cash and shares of our common stock based on an initial conversion value of 31.5075 shares of our common stock per $1,000 principal amount of Notes (equivalent to an initial conversion price of approximately $31.74 per share). Upon conversion of the Notes, holders will receive cash up to the principal amount of each Note, and any excess conversion value will be delivered in shares of our common stock. We used the net proceeds of the Notes to finance the cash consideration of our acquisition of PopCap, which closed in August 2011.

Prior to April 15, 2016, the Notes will be convertible only upon the occurrence of certain events and during certain periods, and thereafter, at any time until the close of business on the second scheduled trading day immediately preceding the maturity date of the Notes. The Notes do not contain any financial covenants.

The conversion rate is subject to customary anti-dilution adjustments, but will not be adjusted for any accrued and unpaid interest. Following certain corporate events described in the indenture governing the notes (the "Indenture") that occur prior to the maturity date, the conversion rate will be increased for a holder who elects to convert its Notes in connection with such corporate event in certain circumstances. The Notes are not redeemable prior to maturity, and no sinking fund is provided for the Notes.

If we undergo a "fundamental change," as defined in the Indenture, subject to certain conditions, holders may require us to purchase for cash all or any portion of their Notes. The fundamental change purchase price will be 100 percent of the principal amount of the Notes to be purchased plus any accrued and unpaid interest up to but excluding the fundamental change purchase date.

The Indenture contains customary terms and covenants, including that upon certain events of default occurring and continuing, either the trustee or the holders of at least 25 percent in principal amount of the outstanding Notes may declare 100 percent of the principal and accrued and unpaid interest on all the Notes to be due and payable.

In addition, in July 2011, we entered into privately negotiated convertible note hedge transactions (the "Convertible Note Hedge") with certain counterparties to reduce the potential dilution with respect to our common stock upon conversion of the Notes. The Convertible Note Hedge, subject to customary anti-dilution adjustments, provides us with the option to acquire, on a net settlement basis, approximately 19.9 million shares of our common stock at a strike price of $31.74, which corresponds to the conversion price of the Notes and is equal to the number of shares of our common stock that notionally underlie the Notes. As of March 31, 2014, we have not purchased any shares under the Convertible Note Hedge. We paid $107 million for the Convertible Note Hedge.

Separately, we have also entered into privately negotiated warrant transactions with certain counterparties whereby we sold to independent third parties warrants (the "Warrants") to acquire, subject to customary anti-dilution adjustments that are substantially the same as the anti-dilution provisions contained in the Notes, up to

19.9 million shares of our common stock (which is also equal to the number of shares of our common stock that notionally underlie the Notes), with a strike price of $41.14. The Warrants could have a dilutive effect with respect to our common stock to the extent that the market price per share of our common stock exceeds $41.14 on or prior to the expiration date of the Warrants. We received proceeds of $65 million from the sale of the Warrants.

See Note 12 to the Consolidated Financial Statements for additional information related to our 0.75% Convertible Senior Notes due 2016.

Credit Facility

On August 30, 2012, we entered into a $500 million senior unsecured revolving credit facility with a syndicate of banks. The credit facility terminates on February 29, 2016 and contains an option to arrange with existing lenders and/or new lenders for them to provide up to an aggregate of $250 million in additional commitments for revolving loans. Proceeds of loans made under the credit facility may be used for general corporate purposes.

The loans bear interest, at our option, at the base rate plus an applicable spread or an adjusted LIBOR rate plus an applicable spread, in each case with such spread being determined based on our consolidated leverage ratio for the preceding fiscal quarter. We are also obligated to pay other customary fees for a credit facility of this size and type. Interest is due and payable in arrears quarterly for loans bearing interest at the base rate and at the end of an interest period (or at each three month interval in the case of loans with interest periods greater than three months) in the case of loans bearing interest at the adjusted LIBOR rate. Principal, together with all accrued and unpaid interest, is due and payable on February 29, 2016.

The credit agreement contains customary affirmative and negative covenants, including covenants that limit or restrict our ability to, among other things, incur subsidiary indebtedness, grant liens, dispose of all or substantially all assets and pay dividends or make distributions, in each case subject to customary exceptions for a credit facility of this size and type. We are also required to maintain compliance with a capitalization ratio and maintain a minimum level of total liquidity and a minimum level of domestic liquidity.

The credit agreement contains customary events of default, including among others, non-payment defaults, covenant defaults, bankruptcy and insolvency defaults and a change of control default, in each case, subject to customary exceptions for a credit facility of this size and type. The occurrence of an event of default could result in the acceleration of the obligations under the credit agreement, an obligation by any guarantors to repay the obligations in full and an increase in the applicable interest rate.

As of March 31, 2014, no amounts were outstanding under the credit facility.

Financial Condition

We believe that our cash, cash equivalents, short-term investments, cash generated from operations and available financing facilities will be sufficient to meet our operating requirements for at least the next 12 months, including working capital requirements, capital expenditures, and potentially, future acquisitions, stock repurchases, or strategic investments. We may choose at any time to raise additional capital to strengthen our financial position, facilitate expansion, repurchase our stock, pursue strategic acquisitions and investments, and/or to take advantage of business opportunities as they arise. There can be no assurance, however, that such additional capital will be available to us on favorable terms, if at all, or that it will not result in substantial dilution to our existing stockholders.

As of March 31, 2014, approximately $762 million of our cash, cash equivalents, and short-term investments were domiciled in foreign tax jurisdictions. While we have no plans to repatriate these funds to the United States in the short term, if we choose to do so, we may be required to accrue and pay additional taxes on any portion of the repatriation where no United States income tax had been previously provided. We made a one-time repatriation of $700 million from certain of our wholly-owned subsidiaries during the three months ended March 31, 2014. This repatriation did not have a material impact on our effective tax rate for fiscal 2014 due to the deferred tax valuation allowance.

In July 2012, our Board of Directors authorized a program to repurchase up to $500 million of our common stock. During fiscal year 2013, we repurchased and retired approximately 26 million shares of our common stock for approximately $349 million, of which approximately 22 million shares, or $278 million, was repurchased under this program. The remainder of the shares repurchased and retired during fiscal year 2013 were repurchased pursuant to a stock repurchase program approved by our Board of Directors in February 2011.

In May 2014, a special committee of our Board of Directors, on behalf of the full Board of Directors, authorized a new program to repurchase up to $750 million of our common stock. This new stock repurchase program, which expires on May 31, 2016, supersedes and replaces the stock repurchase authorization approved by our Board of Directors in July 2012. Under this program, we may purchase stock in the open market or through privately-negotiated transactions in accordance with applicable securities laws, including pursuant to pre-arranged stock trading plans. The timing and actual amount of the stock repurchases will depend on several factors including price, capital availability, regulatory requirements, alternative investment opportunities and other market conditions. We are not obligated to repurchase any specific number of shares under this program and it may be modified, suspended or discontinued at any time.

We have a "shelf" registration statement on Form S-3 on file with the SEC. This shelf registration statement, which includes a base prospectus, allows us at any time to offer any combination of securities described in the prospectus in one or more offerings. Unless otherwise specified in a prospectus supplement accompanying the base prospectus, we would use the net proceeds from the sale of any securities offered pursuant to the shelf registration statement for general corporate purposes, including for working capital, financing capital expenditures, research and development, marketing and distribution efforts, and if opportunities arise, for acquisitions or strategic alliances. Pending such uses, we may invest the net proceeds in interest-bearing securities. In addition, we may conduct concurrent or other financings at any time.

Our ability to maintain sufficient liquidity could be affected by various risks and uncertainties including, but not limited to, those related to customer demand and acceptance of our products, our ability to collect our accounts receivable as they become due, successfully achieving our product release schedules and attaining our forecasted sales objectives, the impact of acquisitions and other strategic transactions in which we may engage, the impact of competition, economic conditions in the United States and abroad, the seasonal and cyclical nature of our business and operating results, risks of product returns and the other risks described in the "Risk Factors" section, included in Part II, Item 1A of this report.

Contractual Obligations and Commercial Commitments

Development, Celebrity, League and Content Licenses: Payments and Commitments

The products we produce in our studios are designed and created by our employee designers, artists, software programmers and by non-employee software developers ("independent artists" or "third-party developers"). We typically advance development funds to the independent artists and third-party developers during development of our games, usually in installment payments made upon the completion of specified development milestones. Contractually, these payments are generally considered advances against subsequent royalties on the sales of the products. These terms are set forth in written agreements entered into with the independent artists and third-party developers.

In addition, we have certain celebrity, league and content license contracts that contain minimum guarantee payments and marketing commitments that may not be dependent on any deliverables. Celebrities and organizations with whom we have contracts include, but are not limited to: FIFA (Fédération Internationale de Football Association), FIFPRO Foundation, FAPL (Football Association Premier League Limited), and DFL Deutsche Fußball Liga GmbH (German Soccer League) (professional soccer); Dr. Ing. h.c. F. Porsche AG, Ferrari S.p.A. (Need For Speed and Real Racing games); National Basketball Association (professional basketball); PGA TOUR (professional golf); National Hockey League and NHL Players' Association (professional hockey); National Football League Properties, PLAYERS Inc., and Red Bear Inc. (professional football); Collegiate Licensing Company (collegiate football); Zuffa, LLC (Ultimate Fighting Championship); ESPN (content in EA SPORTS games); Hasbro, Inc. (certain of Hasbro's board game intellectual properties); Disney Interactive (Star Wars); and Fox Digital Entertainment, Inc. (The Simpsons). These developer and

content license commitments represent the sum of (1) the cash payments due under non-royalty-bearing licenses and services agreements and (2) the minimum guaranteed payments and advances against royalties due under royalty-bearing licenses and services agreements, the majority of which are conditional upon performance by the counterparty. These minimum guarantee payments and any related marketing commitments are included in the table below.

The following table summarizes our minimum contractual obligations as of March 31, 2014, and the effect we expect them to have on our liquidity and cash flow in future periods (in millions):

		Fiscal Year Ending March 31,					
	Total	2015	2016	2017	2018	2019	Thereafter
Unrecognized commitments							
Developer/licensor commitments	$1,301	$132	$288	$212	$129	$ 98	$442
Marketing commitments	254	48	41	62	24	24	55
Operating leases	148	46	39	23	17	13	10
0.75% Convertible Senior Notes due 2016 interest[(a)]	12	5	5	2	—	—	—
Other purchase obligations	19	17	2	—	—	—	—
Total unrecognized commitments	1,734	248	375	299	170	135	507
Recognized commitments							
0.75% Convertible Senior Notes due 2016 principal[(a)]	633	—	—	633	—	—	—
Licensing and lease obligations[(b)]	59	12	11	34	1	1	—
Total recognized commitments	692	12	11	667	1	1	—
Total Commitments	$2,426	$260	$386	$966	$171	$136	$507

(a) Included in the $12 million coupon interest on the 0.75% Convertible Senior Notes due 2016 is $1 million of accrued interest recognized as of March 31, 2014. We will be obligated to pay the $632.5 million principal amount of the 0.75% Convertible Senior Notes due 2016 in cash and any excess conversion value in shares of our common stock upon redemption of the Notes at maturity on July 15, 2016 or upon earlier redemption. The $632.5 million principal amount excludes $53 million of unamortized discount of the liability component. See Note 12 to the Consolidated Financial Statements for additional information regarding our 0.75% Convertible Senior Notes due 2016.

(b) See Note 8 to the Consolidated Financial Statements for additional information regarding recognized commitments resulting from our restructuring plans. Lease commitments have not been reduced for approximately $6 million due in the future from third parties under non-cancelable sub-leases.

The unrecognized amounts represented in the table above reflect our minimum cash obligations for the respective fiscal years, but do not necessarily represent the periods in which they will be recognized and expensed in our Consolidated Financial Statements. In addition, the amounts in the table above are presented based on the dates the amounts are contractually due as of March 31, 2014; however, certain payment obligations may be accelerated depending on the performance of our operating results.

In addition to what is included in the table above, as of March 31, 2014, we had a liability for unrecognized tax benefits and an accrual for the payment of related interest totaling $188 million, of which we are unable to make a reasonably reliable estimate of when cash settlement with a taxing authority will occur.

Subsequent to March 31, 2014, we entered into or amended various licensor and lease agreements with third parties, which contingently commits us to pay an additional approximately $110 million at various dates through fiscal year 2025.

Also, in addition to what is included in the table above as of March 31, 2014, in connection with our KlickNation and Chillingo acquisitions, we may be required to pay an additional $10 million of cash consideration based upon the achievement of certain performance milestones through March 31, 2015. As of March 31, 2014, we have accrued $4 million of contingent consideration on our Consolidated Balance Sheet representing the estimated fair value of the contingent consideration.

OFF-BALANCE SHEET COMMITMENTS

Lease Commitments

As of March 31, 2014, we leased certain facilities, furniture and equipment under non-cancelable operating lease agreements. We were required to pay property taxes, insurance and normal maintenance costs for certain of these facilities and any increases over the base year of these expenses on the remainder of our facilities.

Director Indemnity Agreements

We entered into indemnification agreements with each of the members of our Board of Directors at the time they joined the Board to indemnify them to the extent permitted by law against any and all liabilities, costs, expenses, amounts paid in settlement and damages incurred by the directors as a result of any lawsuit, or any judicial, administrative or investigative proceeding in which the directors are sued or charged as a result of their service as members of our Board of Directors.

INFLATION

We believe the impact of inflation on our results of operations has not been significant in any of the past three fiscal years.

Item 7A: *Quantitative and Qualitative Disclosures About Market Risk*

MARKET RISK

We are exposed to various market risks, including changes in foreign currency exchange rates, interest rates and market prices, which have experienced significant volatility in light of the global economic downturn. Market risk is the potential loss arising from changes in market rates and market prices. We employ established policies and practices to manage these risks. Foreign currency option and forward contracts are used to hedge anticipated exposures or mitigate some existing exposures subject to foreign exchange risk as discussed below. While we do not hedge our short-term investment portfolio, we protect our short-term investment portfolio against different market risks, including interest rate risk as discussed below. Our cash and cash equivalents portfolio consists of highly liquid investments with insignificant interest rate risk and original or remaining maturities of three months or less at the time of purchase. We do not enter into derivatives or other financial instruments for trading or speculative purposes and do not hedge our market price risk relating to marketable equity securities, if any.

Foreign Currency Exchange Rate Risk

Cash Flow Hedging Activities. From time to time, we hedge a portion of our foreign currency risk related to forecasted foreign-currency-denominated sales and expense transactions by purchasing foreign currency forward and option contracts that generally have maturities of 15 months or less. These transactions are designated and qualify as cash flow hedges. The derivative assets or liabilities associated with our hedging activities are recorded at fair value in other current assets or accrued and other current liabilities on our Consolidated Balance Sheets. The effective portion of gains or losses resulting from changes in the fair value of these hedges is initially reported, net of tax, as a component of accumulated other comprehensive income in stockholders' equity. The gross amount of the effective portion of gains or losses resulting from changes in the fair value of these hedges is subsequently reclassified into net revenue or research and development expenses, as appropriate, in the period when the forecasted transaction is recognized in our Consolidated Statements of Operations. In the event that the gains or losses in accumulated other comprehensive income are deemed to be ineffective, the ineffective portion of gains or losses resulting from changes in fair value, if any, is reclassified to interest and other income (expense), net, in our Consolidated Statements of Operations. In the event that the underlying forecasted transactions do not occur, or it becomes remote that they will occur, within the defined hedge period, the gains or losses on the related cash flow hedges are reclassified from accumulated other comprehensive income to interest and other income (expense), net, in our Consolidated Statements of Operations. Our hedging programs are

designed to reduce, but do not entirely eliminate, the impact of currency exchange rate movements in net revenue and research and development expenses. Total gross notional amounts and fair values for currency derivatives with cash flow hedge accounting designation are as follows:

	As of March 31, 2014			As of March 31, 2013		
	Notional	Fair Value		Notional	Fair Value	
	Amount	Asset	Liability	Amount	Asset	Liability
Option contracts to purchase	$ —	$—	$—	$ 84	$—	$—
Forward contracts to purchase	179	—	3	—	—	—
Total	$179	$—	$ 3	$ 84	$—	$—
Option contracts to sell	$ —	$—	$—	$149	$ 6	$—
Forward contracts to sell	363	—	2	—	—	—
Total	$363	$—	$ 2	$149	$ 6	$—

The net impact of the effective portion of gains and losses from our cash flow hedging activities in our Consolidated Statements of Operations for the fiscal years ended March 31, 2014, 2013 and 2012 was a loss of $9 million, $4 million, and $4 million respectively. During the fiscal years ended March 31, 2014, 2013 and 2012, we reclassified an immaterial amount of the ineffective portion of gains or losses resulting from changes in fair value into interest and other income (expense), net.

Balance Sheet Hedging Activities. We use foreign currency forward contracts to mitigate foreign currency risk associated with foreign-currency-denominated monetary assets and liabilities, primarily intercompany receivables and payables. The foreign currency forward contracts generally have a contractual term of three months or less and are transacted near month-end. Our foreign currency forward contracts that are not designated as hedging instruments are accounted for as derivatives whereby the fair value of the contracts is reported as other current assets or accrued and other current liabilities on our Consolidated Balance Sheets, and gains and losses resulting from changes in the fair value are reported in interest and other income (expense), net, in our Consolidated Statements of Operations. The gains and losses on these foreign currency forward contracts generally offset the gains and losses on the underlying foreign-currency-denominated monetary assets and liabilities, which are also reported in interest and other income (expense), net, in our Consolidated Statements of Operations. In certain cases, the amount of such gains and losses will significantly differ from the amount of gains and losses recognized on the underlying foreign-currency-denominated monetary asset or liability, in which case our results will be impacted. Total gross notional amounts and fair values for currency derivatives that are not designated as hedging instruments are accounted for as follows:

	As of March 31, 2014			As of March 31, 2013		
	Notional	Fair Value		Notional	Fair Value	
	Amount	Asset	Liability	Amount	Asset	Liability
Forward contracts to purchase in exchange for USD	$140	$—	$ 1	$ 87	$—	$—
Total	$140	$—	$ 1	$ 87	$—	$—
Forward contracts to sell in exchange for USD	$232	$—	$—	$213	$—	$—
Forward contracts to sell in exchange for GBP	—	—	—	6	—	—
Total	$232	$—	$—	$219	$—	$—

The effect of foreign currency forward contracts not designated as hedging instruments in our Consolidated Statements of Operations for the fiscal years ended March 31, 2014, 2013 and 2012 was a loss of $5 million, a loss of $2 million, and a gain of $21 million, respectively.

We believe the counterparties to these foreign currency forward and option contracts are creditworthy multinational commercial banks. While we believe the risk of counterparty nonperformance is not material, a sustained decline in the financial stability of financial institutions as a result of disruption in the financial markets could affect our ability to secure credit-worthy counterparties for our foreign currency hedging programs.

Notwithstanding our efforts to mitigate some foreign currency exchange rate risks, there can be no assurance that our hedging activities will adequately protect us against the risks associated with foreign currency fluctuations. As of March 31, 2014, a hypothetical adverse foreign currency exchange rate movement of 10 percent or 20 percent would have resulted in potential declines in the fair value of the premiums on our foreign currency forward and option contracts used in cash flow hedging of $54 million and $108 million, respectively. As of March 31, 2014, a hypothetical adverse foreign currency exchange rate movement of 10 percent or 20 percent would have resulted in potential losses on our foreign currency forward contracts used in balance sheet hedging of $37 million and $74 million, respectively. This sensitivity analysis assumes an adverse shift of all foreign currency exchange rates; however, all foreign currency exchange rates do not always move in such manner and actual results may differ materially.

Interest Rate Risk

Our exposure to market risk for changes in interest rates relates primarily to our short-term investment portfolio. We manage our interest rate risk by maintaining an investment portfolio generally consisting of debt instruments of high credit quality and relatively short maturities. However, because short-term investments mature relatively quickly and are required to be reinvested at the then-current market rates, interest income on a portfolio consisting of short-term investments is more subject to market fluctuations than a portfolio of longer term investments. Additionally, the contractual terms of the investments do not permit the issuer to call, prepay or otherwise settle the investments at prices less than the stated par value. Our investments are held for purposes other than trading. Also, we do not use derivative financial instruments in our short-term investment portfolio.

As of March 31, 2014 and 2013, our short-term investments were classified as available-for-sale securities and, consequently, were recorded at fair market value with unrealized gains or losses resulting from changes in fair value reported as a separate component of accumulated other comprehensive income, net of tax, in stockholders' equity. Our portfolio of short-term investments consisted of the following investment categories, summarized by fair value as of March 31, 2014 and 2013 (in millions):

	As of March 31,	
	2014	2013
Corporate bonds	$279	$178
U.S. Treasury securities	114	85
Commercial paper	110	49
U.S. agency securities	80	76
Total short-term investments	$583	$388

Notwithstanding our efforts to manage interest rate risks, there can be no assurance that we will be adequately protected against risks associated with interest rate fluctuations. At any time, a sharp change in interest rates could have a significant impact on the fair value of our investment portfolio. The following table presents the hypothetical changes in the fair value of our short-term investment portfolio as of March 31, 2014, arising from potential changes in interest rates. The modeling technique estimates the change in fair value from immediate hypothetical parallel shifts in the yield curve of plus or minus 50 basis points ("BPS"), 100 BPS, and 150 BPS.

	Valuation of Securities Given an Interest Rate Decrease of X Basis Points			Fair Value as of March 31, 2014	Valuation of Securities Given an Interest Rate Increase of X Basis Points		
(In millions)	(150 BPS)	(100 BPS)	(50 BPS)		50 BPS	100 BPS	150 BPS
Corporate bonds	$285	$283	$282	$279	$278	$276	$275
U.S. Treasury securities	116	115	114	114	113	112	112
Commercial paper	110	110	110	110	110	110	109
U.S. agency securities	81	81	80	80	79	79	78
Total short-term investments	$592	$589	$586	$583	$580	$577	$574

Annual Report

Item 8: ***Financial Statements and Supplementary Data***

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Financial Statement Schedule:

The following financial statement schedule of Electronic Arts Inc. and Subsidiaries for the years ended March 31, 2014, 2013 and 2012 is filed as part of this report and should be read in conjunction with the Consolidated Financial Statements of Electronic Arts Inc. and Subsidiaries:

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Other financial statement schedules have been omitted because the information called for in them is not required or has already been included in either the Consolidated Financial Statements or the Notes thereto.

ELECTRONIC ARTS INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In millions, except par value data)	March 31, 2014	March 31, 2013
ASSETS		
Current assets:		
Cash and cash equivalents	$1,782	$1,292
Short-term investments	583	388
Receivables, net of allowances of $186 and $200, respectively	327	312
Inventories	56	42
Deferred income taxes, net	74	52
Other current assets	316	239
Total current assets	3,138	2,325
Property and equipment, net	510	548
Goodwill	1,723	1,721
Acquisition-related intangibles, net	177	253
Deferred income taxes, net	28	53
Other assets	140	170
TOTAL ASSETS	$5,716	$5,070
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 119	$ 136
Accrued and other current liabilities	781	737
Deferred net revenue (online-enabled games)	1,490	1,044
Total current liabilities	2,390	1,917
0.75% convertible senior notes due 2016, net	580	559
Income tax obligations	189	205
Deferred income taxes, net	18	1
Other liabilities	117	121
Total liabilities	3,294	2,803
Commitments and contingencies (See Note 13)		
Stockholders' equity:		
Preferred stock, $0.01 par value. 10 shares authorized	—	—
Common stock, $0.01 par value. 1,000 shares authorized; 311 and 302 shares issued and outstanding, respectively	3	3
Paid-in capital	2,353	2,174
Retained earnings	29	21
Accumulated other comprehensive income	37	69
Total stockholders' equity	2,422	2,267
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$5,716	$5,070

See accompanying Notes to Consolidated Financial Statements.

ELECTRONIC ARTS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(In millions, except per share data)	Year Ended March 31,		
	2014	2013	2012
Net revenue:			
Product	$2,134	$2,738	$3,415
Service and other	1,441	1,059	728
Total net revenue	3,575	3,797	4,143
Cost of revenue:			
Product	1,032	1,085	1,374
Service and other	315	303	224
Total cost of revenue	1,347	1,388	1,598
Gross profit	2,228	2,409	2,545
Operating expenses:			
Research and development	1,125	1,153	1,180
Marketing and sales	680	788	883
General and administrative	410	354	377
Acquisition-related contingent consideration	(35)	(64)	11
Amortization of intangibles	16	30	43
Restructuring and other charges	(1)	27	16
Total operating expenses	2,195	2,288	2,510
Operating income	33	121	35
Gains on strategic investments, net	—	39	—
Interest and other income (expense), net	(26)	(21)	(17)
Income before provision for (benefit from) income taxes	7	139	18
Provision for (benefit from) income taxes	(1)	41	(58)
Net income	$ 8	$ 98	$ 76
Net income per share:			
Basic	$ 0.03	$ 0.32	$ 0.23
Diluted	$ 0.03	$ 0.31	$ 0.23
Number of shares used in computation:			
Basic	308	310	331
Diluted	316	313	336

See accompanying Notes to Consolidated Financial Statements.

ELECTRONIC ARTS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(In millions)	Year Ended March 31, 2014	2013	2012
Net income	$ 8	$ 98	$ 76
Other comprehensive income (loss), net of tax:			
Change in unrealized net gains and losses on available-for-sale securities	—	(46)	(40)
Reclassification adjustment for net realized gains on available-for-sale securities	—	(41)	(2)
Change in unrealized net gains and losses on derivative instruments	(19)	(2)	(4)
Reclassification adjustment for net realized losses on derivative instruments	9	4	4
Foreign currency translation adjustments	(22)	(19)	(4)
Total other comprehensive income (loss), net of tax	(32)	(104)	(46)
Total comprehensive income (loss)	$(24)	$ (6)	$ 30

See accompanying Notes to Consolidated Financial Statements.

ELECTRONIC ARTS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(In millions, share data in thousands)

	Common Stock		Paid-in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income	Total Stockholders' Equity
	Shares	Amount				
Balances as of March 31, 2011	332,564	$ 3	$2,495	$(153)	$ 219	$2,564
Total comprehensive income	—	—	—	76	(46)	30
Issuance of common stock	7,850	—	12	—	—	12
Equity issued in connection with acquisition	4,356	—	87	—	—	87
Equity value of convertible note issuance, net	—	—	105	—	—	105
Purchase of convertible note hedge	—	—	(107)	—	—	(107)
Sale of common stock warrants	—	—	65	—	—	65
Repurchase and retirement of common stock	(24,547)	—	(471)	—	—	(471)
Stock-based compensation	—	—	170	—	—	170
Tax benefit from exercise of stock options	—	—	3	—	—	3
Balances as of March 31, 2012	320,223	3	2,359	(77)	173	2,458
Total comprehensive loss	—	—	—	98	(104)	(6)
Issuance of common stock	7,801	—	1	—	—	1
Repurchase and retirement of common stock	(25,860)	—	(349)	—	—	(349)
Stock-based compensation	—	—	164	—	—	164
Tax costs from exercise of stock options	—	—	(1)	—	—	(1)
Balances as of March 31, 2013	302,164	3	2,174	21	69	2,267
Total comprehensive loss	—	—	—	8	(32)	(24)
Issuance of common stock	9,278	—	16	—	—	16
Stock-based compensation	—	—	150	—	—	150
Tax benefit from exercise of stock options	—	—	13	—	—	13
Balances as of March 31, 2014	311,442	$ 3	$2,353	$ 29	$ 37	$2,422

See accompanying Notes to Consolidated Financial Statements.

ELECTRONIC ARTS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions)	Year Ended March 31, 2014	2013	2012
OPERATING ACTIVITIES			
Net income	$ 8	$ 98	$ 76
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation, amortization and accretion	227	264	216
Stock-based compensation	150	164	170
Acquisition-related contingent consideration	(35)	(64)	11
Net (gains) losses on investments and disposal of property and equipment	2	(37)	(12)
Non-cash restructuring charges	—	7	(6)
Change in assets and liabilities:			
Receivables, net	(12)	56	(14)
Inventories	(13)	16	21
Other assets	(56)	15	(101)
Accounts payable	(18)	(78)	(50)
Accrued and other liabilities	(3)	(106)	13
Deferred income taxes, net	16	(7)	(90)
Deferred net revenue (online-enabled games)	446	(4)	43
Net cash provided by operating activities	712	324	277
INVESTING ACTIVITIES			
Capital expenditures	(97)	(106)	(172)
Proceeds from sale of property and equipment	—	—	26
Proceeds from sale of marketable equity securities	—	72	—
Proceeds from maturities and sales of short-term investments	401	459	526
Purchase of short-term investments	(600)	(414)	(468)
Acquisition-related restricted cash	—	31	75
Acquisition of subsidiaries, net of cash acquired	(5)	(10)	(676)
Net cash provided by (used in) investing activities	(301)	32	(689)
FINANCING ACTIVITIES			
Proceeds from issuance of common stock	77	34	57
Proceeds from borrowings on convertible senior notes, net of issuance costs	—	—	617
Proceeds from issuance of warrants	—	—	65
Purchase of convertible note hedge	—	—	(107)
Payment of debt issuance costs	—	(2)	—
Excess tax benefit from stock-based compensation	13	—	4
Repurchase and retirement of common stock	—	(349)	(471)
Acquisition-related contingent consideration payment	(1)	(28)	(25)
Net cash provided by (used in) financing activities	89	(345)	140
Effect of foreign exchange on cash and cash equivalents	(10)	(12)	(14)
Increase (decrease) in cash and cash equivalents	490	(1)	(286)
Beginning cash and cash equivalents	1,292	1,293	1,579
Ending cash and cash equivalents	$1,782	$1,292	$1,293
Supplemental cash flow information:			
Cash paid (refunded) during the year for income taxes, net	$ 29	$ 26	$ (4)
Cash paid during the year for interest	$ 6	$ 5	$ 2
Non-cash investing activities:			
Change in unrealized net gains on available-for-sale securities	$ —	$ (46)	$ (40)
Equity issued in connection with acquisition	$ —	$ —	$ 87

See accompanying Notes to Consolidated Financial Statements.

(1) DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

We develop, market, publish and distribute game software content and services that can be played by consumers on a variety of platforms, including video game consoles (such as PlayStation 3 and 4 from Sony and Xbox 360 and Xbox One from Microsoft), personal computers, mobile phones and tablets. Our ability to deliver games and services across multiple platforms, through multiple distribution channels, and directly to consumers (online and wirelessly) has been, and will continue to be, a cornerstone of our product strategy. We have adopted new business models and alternative revenue streams (such as subscription, micro-transactions, and advertising) in connection with our online and wireless product and service offerings. Some of our games are based on our wholly-owned intellectual property (*e.g.*, Battlefield, Mass Effect, Need for Speed, Dragon Age, The Sims, Bejeweled, and Plants vs. Zombies), and some of our games are based on content that we license from others (*e.g.*, FIFA, Madden NFL and Star Wars). Our goal is to turn our intellectual properties into year-round businesses available on a range of platforms. Our products and services may be purchased through physical and online retailers, platform providers such as console manufacturers and mobile carriers via digital downloads, as well as directly through our own distribution platform, including online portals such as Origin.

A summary of our significant accounting policies applied in the preparation of our Consolidated Financial Statements follows:

Consolidation

The accompanying Consolidated Financial Statements include the accounts of Electronic Arts Inc. and its wholly-owned subsidiaries. Intercompany balances and transactions have been eliminated in consolidation.

Fiscal Year

Our fiscal year is reported on a 52- or 53-week period that ends on the Saturday nearest March 31. Our results of operations for the fiscal years ended March 31, 2014, 2013 and 2012 each contained 52 weeks and ended on March 29, 2014, March 30, 2013, and March 31, 2012, respectively. For simplicity of disclosure, all fiscal periods are referred to as ending on a calendar month-end.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States ("U.S. GAAP") requires us to make estimates and assumptions that affect the amounts reported in our consolidated financial statements and the accompanying notes. Such estimates include sales returns and allowances, provisions for doubtful accounts, accrued liabilities, offering periods for deferred net revenue, multiple-element arrangements, income taxes, losses on royalty commitments, estimates regarding the recoverability of prepaid royalties, inventories, long-lived assets, assets acquired and liabilities assumed in business combinations, certain estimates related to the measurement and recognition of costs resulting from our share-based payment awards, deferred income tax assets and associated valuation allowances, as well as estimates used in our goodwill, intangibles and short-term investment impairment tests. These estimates generally involve complex issues and require us to make judgments, involve analysis of historical and future trends, can require extended periods of time to resolve, and are subject to change from period to period. In all cases, actual results could differ materially from our estimates.

Cash, Cash Equivalents, and Short-Term Investments

Cash equivalents consist of highly liquid investments with insignificant interest rate risk and original or remaining maturities of three months or less at the time of purchase.

Short-term investments consist of securities with original or remaining maturities of greater than three months at the time of purchase, are accounted for as available-for-sale securities and are recorded at fair value. Short-term investments are available for use in current operations or other activities such as capital expenditures and business combinations.

Unrealized gains and losses on our short-term investments are recorded as a component of accumulated other comprehensive income in stockholders' equity, net of tax, until either (1) the security is sold, (2) the security has matured, or (3) we determine that the fair value of the security has declined below its adjusted cost basis and the decline is other-than-temporary. Realized gains and losses on our short-term investments are calculated based on the specific identification method and are reclassified from accumulated other comprehensive income to interest and other income (expense), net, and gains on strategic investments, net, respectively. Determining whether the decline in fair value is other-than-temporary requires management judgment based on the specific facts and circumstances of each security. The ultimate value realized on these securities is subject to market price volatility until they are sold.

Our short-term investments are evaluated for impairment quarterly. We consider various factors in determining whether we should recognize an impairment charge, including the credit quality of the issuer, the duration that the fair value has been less than the adjusted cost basis, severity of the impairment, reason for the decline in value and potential recovery period, the financial condition and near-term prospects of the investees, our intent to sell and ability to hold the investment for a period of time sufficient to allow for any anticipated recovery in market value, and any contractual terms impacting the prepayment or settlement process. If we conclude that an investment is other-than-temporarily impaired, we recognize an impairment charge at that time in our Consolidated Statements of Operations.

Inventories

Inventories consist of materials (including manufacturing royalties paid to console manufacturers), labor and freight-in and are stated at the lower of cost (using the weighted average costing method) or market value. We regularly review inventory quantities on-hand. We write down inventory based on excess or obsolete inventories determined primarily by future anticipated demand for our products. Inventory write-downs are measured as the difference between the cost of the inventory and market value, based upon assumptions about future demand that are inherently difficult to assess. At the point of a loss recognition, a new, lower cost basis for that inventory is established, and subsequent changes in facts and circumstances do not result in the restoration or increase in that newly established basis.

Property and Equipment, Net

Property and equipment, net, are stated at cost. Depreciation is calculated using the straight-line method over the following useful lives:

Buildings	20 to 25 years
Computer equipment and software	3 to 6 years
Office equipment, furniture and fixtures	3 to 5 years
Warehouse equipment and other	5 years
Leasehold improvements	Lesser of the lease term or the estimated useful lives of the improvements, generally 1 to 10 years

We capitalize costs associated with internal-use software that have reached the application development stage and meet recoverability tests. Such capitalized costs include external direct costs utilized in developing or obtaining the software, and payroll and payroll-related expenses for employees who are directly associated with the development of the software. Capitalization of such costs begins when the preliminary project stage is complete and ceases at the point in which the project is substantially complete and is ready for its intended purpose. The net book value of capitalized costs associated with internal-use software was $74 million and $81 million as of March 31, 2014 and 2013, respectively. Once the internal-use software is ready for its intended use, the assets are depreciated on a straight-line basis over each asset's estimated useful life, which is generally three years.

Acquisition-Related Intangibles and Other Long-Lived Assets

We record acquisition-related intangible assets that have finite useful lives, such as developed and core technology, in connection with business combinations. We amortize the cost of acquisition-related intangible assets on a straight-line basis over the lesser of their estimated useful lives or the agreement terms, typically from two to fourteen years. We evaluate acquisition-related intangibles and other long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. This includes assumptions about future prospects for the business that the asset relates to and typically involves computations of the estimated future cash flows to be generated by these businesses. Based on these judgments and assumptions, we determine whether we need to take an impairment charge to reduce the value of the asset stated on our Consolidated Balance Sheets to reflect its estimated fair value. When we consider such assets to be impaired, the amount of impairment we recognize is measured by the amount by which the carrying amount of the asset exceeds its fair value. There were no material impairments in fiscal year 2014. We recognized $39 million and $12 million in impairment charges in fiscal years 2013 and 2012, respectively. The charges for fiscal year 2013 consist of $34 million and $5 million that were recognized in cost of revenue and amortization of intangibles, respectively, on our Consolidated Statement of Operations. The charges for fiscal year 2012 of $12 million were included in cost of revenue on our Consolidated Statements of Operations.

Goodwill

In assessing impairment on our goodwill, we first analyze qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test. The qualitative factors we assess include long-term prospects of our performance, share price trends, market capitalization, and Company specific events. If we conclude it is more likely than not that the fair value of a reporting unit exceeds its carrying amount, we do not need to perform the two-step impairment test. If based on that assessment, we believe it is more likely than not that the fair value of the reporting unit is less than its carrying value, a two-step goodwill impairment test will be performed. The first step measures for impairment by applying fair value-based tests at the reporting unit level. The second step (if necessary) measures the amount of impairment by applying fair value-based tests to the individual assets and liabilities within each reporting unit. Reporting units are determined by the components of operating segments that constitute a business for which (1) discrete financial information is available, (2) segment management regularly reviews the operating results of that component, and (3) whether the component has dissimilar economic characteristics to other components. We determined that it was more likely than not that the fair value of our reporting unit exceeded its carrying amount and, as such, we did not need to perform the two-step impairment test.

During the fiscal years ended March 31, 2014, 2013 and 2012, we completed our annual goodwill impairment testing in the fourth quarter of each year and did not recognize any impairment charges on goodwill in fiscal years 2014, 2013, and 2012.

Revenue Recognition, Sales Returns and Allowances, and Bad Debt Reserves

We derive revenue principally from sales of interactive software games, and related content and services on (1) video game consoles (such as PlayStation 3 and 4 from Sony and Xbox 360 and Xbox One from Microsoft) and PCs, and (2) mobile phones and tablets. We evaluate revenue recognition based on the criteria set forth in FASB Accounting Standards Codification ("ASC") 605, *Revenue Recognition* and ASC 985-605, *Software: Revenue Recognition*. We classify our revenue as either product revenue or service and other revenue.

Product revenue. Our product revenue includes revenue associated with the sale of software games or related content, whether delivered via a physical disc (*e.g.*, packaged goods) or delivered digitally via the Internet (*e.g.,* full-game downloads, micro-transactions), and licensing of game software to third-parties. Product revenue also includes revenue from mobile full game downloads that do not require our hosting support, and sales of tangible products such as hardware, peripherals, or collectors' items.

Service and other revenue. Our service revenue includes revenue recognized from time-based subscriptions and games or related content that requires our hosting support in order to utilize the game or related content (*i.e.*, can only be played with an Internet connection). This includes (1) entitlements to content that are accessed through hosting services (*e.g.,* micro-transactions for Internet-based, social network and mobile games), (2) massively multi-player online ("MMO") games (both software game and subscription sales), (3) subscriptions for our Battlefield Premium and Pogo-branded online game services, and (4) allocated service revenue from sales of software games with an online service element (*i.e.,* "matchmaking" service). Our other revenue includes advertising and non-software licensing revenue.

With respect to the allocated service revenue from sales of software games with a matchmaking service mentioned above, our allocation of proceeds between product and service revenue for presentation purposes is based on management's best estimate of the selling price of the matchmaking service with the residual value allocated to product revenue. Our estimate of the selling price of the matchmaking service is comprised of several factors including, but not limited to, prior selling prices for the matchmaking service, prices charged separately by other third-party vendors for similar service offerings, and a cost-plus-margin approach. We review the estimated selling price of the online matchmaking service on a regular basis and use this methodology consistently to allocate revenue between product and service for software game sales with a matchmaking service.

We evaluate and recognize revenue when all four of the following criteria are met:

- *Evidence of an arrangement*. Evidence of an agreement with the customer that reflects the terms and conditions to deliver the related products or services must be present.
- *Fixed or determinable fee*. If a portion of the arrangement fee is not fixed or determinable, we recognize revenue as the amount becomes fixed or determinable.
- *Collection is deemed probable*. Collection is deemed probable if we expect the customer to be able to pay amounts under the arrangement as those amounts become due. If we determine that collection is not probable as the amounts become due, we generally conclude that collection becomes probable upon cash collection.
- *Delivery*. Delivery is considered to occur when a product is shipped and the risk of loss and rewards of ownership have transferred to the customer. For digital downloads, delivery is considered to occur when the software is made available to the customer for download. For services and other, delivery is generally considered to occur as the service is delivered, which is determined based on the underlying service obligation.

Online-Enabled Games

The majority of our software games can be connected to the Internet whereby a consumer may be able to download unspecified content or updates on a when-and-if-available basis ("unspecified updates") for use with the original game software. In addition, we may also offer an online matchmaking service that permits consumers to play against each other via the Internet without a separate fee. U.S. GAAP requires us to account for the consumer's right to receive unspecified updates or the matchmaking service for no additional fee as a "bundled" sale, or multiple-element arrangement.

We have an established historical pattern of providing unspecified updates to online-enabled games (*e.g.,* player roster updates to *Madden NFL 25*) at no additional charge to the consumer. We do not have vendor-specific objective evidence of fair value ("VSOE") for these unspecified updates, and thus, as required by U.S. GAAP, we recognize revenue from the sale of these online-enabled games over the period we expect to offer the unspecified updates to the consumer ("estimated offering period").

Prior to July 1, 2013, for most sales we estimated the offering period to be six months and recognized revenue over this period in the month after delivery. During the three month ended June 30, 2013, we completed our annual evaluation of the estimated offering period and noted that generally, consumers are playing our games

online over a larger period of time. Based on this, we concluded that for physical software sales made after June 30, 2013, the estimated offering period should be increased to nine months, resulting in revenue being recognized over a longer period of time. The estimated offering period for digitally distributed software games is six months.

Other Multiple-Element Arrangements

In some of our multiple-element arrangements, we sell tangible products with software and/or software-related offerings. These tangible products are generally either peripherals or ancillary collectors' items, such as figurines and comic books. Revenue for these arrangements is allocated to each separate unit of accounting for each deliverable using the relative selling prices of each deliverable in the arrangement based on the selling price hierarchy described below. If the arrangement contains more than one software deliverable, the arrangement consideration is allocated to the software deliverables as a group and then allocated to each software deliverable in accordance with ASC 985-605.

We determine the selling price for a tangible product deliverable based on the following selling price hierarchy: VSOE (*i.e.*, the price we charge when the tangible product is sold separately) if available, third-party evidence ("TPE") of fair value (*i.e.*, the price charged by others for similar tangible products) if VSOE is not available, or our best estimate of selling price ("BESP") if neither VSOE nor TPE is available. In accordance with ASC 605, provided the other three revenue recognition criteria other than delivery have been met, we recognize revenue upon delivery to the customer as we have no further obligations.

Principal Agent Considerations

In accordance with ASC 605-45, *Revenue Recognition: Principal Agent Considerations*, we evaluate sales of our interactive software games via third party storefronts, including digital storefronts such as Xbox Live Marketplace, Sony PSN, Apple AppStore, Google Play) in order to determine whether or not we are acting as the principal or as an agent, which we consider in determining if revenue should be reported gross or net of fees retained by the storefront. Key indicators that we evaluate in determining gross versus net treatment include but are not limited to the following:

- The party responsible for delivery/fulfillment of the product or service to the end consumer
- The party responsible for the billing, collection of fees and refunds to the consumer
- The storefront and Terms of Sale that govern the consumer's purchase of the product or service
- The party that sets the pricing with the consumer and has credit risk

Based on the evaluation of the above indicators, we have determined that we are generally acting as an agent and are not considered the primary obligor to consumers for our interactive software games distributed through third party digital storefronts. We therefore recognize revenue related to these arrangements on a net basis.

Sales Returns and Allowances and Bad Debt Reserves

We reduce revenue primarily for estimated future returns and price protection which may occur with our distributors and retailers ("channel partners"). Price protection represents our practice to provide our channel partners with a credit allowance to lower their wholesale price on a particular product in the channel. The amount of the price protection is generally the difference between the old wholesale price and the new reduced wholesale price. In certain countries for our PC and console packaged goods software products, we also have a practice of allowing channel partners to return older software products in the channel in exchange for a credit allowance. As a general practice, we do not give cash refunds.

Taxes Collected from Customers and Remitted to Governmental Authorities

Taxes assessed by a government authority that are both imposed on and concurrent with specific revenue transactions between us and our customers are presented on a net basis in our Consolidated Statements of Operations.

Concentration of Credit Risk, Significant Customers and Channel Partners

We extend credit to various retailers and channel partners. Collection of trade receivables may be affected by changes in economic or other industry conditions and may, accordingly, impact our overall credit risk. Although we generally do not require collateral, we perform ongoing credit evaluations of our customers and maintain reserves for potential credit losses. Invoices are aged based on contractual terms with our customers. The provision for doubtful accounts is recorded as a charge to general and administrative expense when a potential loss is identified. Losses are written off against the allowance when the receivable is determined to be uncollectible. Worldwide, we had three customers who accounted for approximately 17 percent, 15 percent, and 11 percent and two customers who accounted for 13 percent and 10 percent of our consolidated gross receivables as of March 31, 2014 and 2013, respectively. We did not have any additional customers that exceeded 10 percent of our consolidated gross receivables as of March 31, 2014 and 2013.

A majority of our sales are made to major retailers and distributors. During the fiscal year ended March 31, 2014, approximately 68 percent of our North America net revenue was derived from our top ten customers. Though our products are available to consumers through a variety of retailers and directly through us, the concentration of our sales in one, or a few, large customers could lead to a short-term disruption in our sales if one or more of these customers significantly reduced their purchases or ceased to carry our products.

Currently, a majority of our revenue is derived through sales of products and services on hardware consoles from Sony and Microsoft. For the fiscal year ended March 31, 2014 (the fiscal year in which the PlayStation 4 and Xbox One were released), 55 percent of our net revenue was for products and services on Sony's PlayStation 3 and 4 and Microsoft's Xbox 360 and One consoles (combined across all four platforms). In the fiscal years ended March 31, 2013 and 2012, 60 percent and 61 percent of our net revenue was for products and services on the PlayStation 3 and Xbox 360 combined. These platform partners have significant influence over the products and services that we offer on their platform. Our agreements with Sony and Microsoft typically give significant control to them over the approval, manufacturing and distribution of our products and services, which could, in certain circumstances, leave us unable to get our products and services approved, manufactured and provided to customers.

Short-term investments are placed with high quality financial institutions or in short-duration, investment-grade securities. We limit the amount of credit exposure in any one financial institution or type of investment instrument.

Royalties and Licenses

Royalty-based obligations with content licensors and distribution affiliates are either paid in advance and capitalized as prepaid royalties or are accrued as incurred and subsequently paid. These royalty-based obligations are generally expensed to cost of revenue generally at the greater of the contractual rate or an effective royalty rate based on the total projected net revenue for contracts with guaranteed minimums.

Each quarter, we also evaluate the expected future realization of our royalty-based assets, as well as any unrecognized minimum commitments not yet paid to determine amounts we deem unlikely to be realized through product sales. Any impairments or losses determined before the launch of a product are generally charged to research and development expense. Impairments or losses determined post-launch are charged to cost of revenue. We evaluate long-lived royalty-based assets for impairment generally using undiscounted cash flows when impairment indicators exist. Unrecognized minimum royalty-based commitments are accounted for as executory contracts, and therefore, any losses on these commitments are recognized when the underlying intellectual property is abandoned (*i.e.*, cease use) or the contractual rights to use the intellectual property are terminated.

Advertising Costs

We generally expense advertising costs as incurred, except for production costs associated with media campaigns, which are recognized as prepaid assets (to the extent paid in advance) and expensed at the first run of

the advertisement. Cooperative advertising costs are recognized when incurred and are included in marketing and sales expense if there is a separate identifiable benefit for which we can reasonably estimate the fair value of the benefit identified. Otherwise, they are recognized as a reduction of revenue and are generally accrued when revenue is recognized. We then reimburse the channel partner when qualifying claims are submitted.

We are also reimbursed by our vendors for certain advertising costs incurred by us that benefit our vendors. Such amounts are recognized as a reduction of marketing and sales expense if the advertising (1) is specific to the vendor, (2) represents an identifiable benefit to us, and (3) represents an incremental cost to us. Otherwise, vendor reimbursements are recognized as a reduction of cost of revenue as the related revenue is recognized. Vendor reimbursements of advertising costs of $66 million, $45 million, and $39 million reduced marketing and sales expense for the fiscal years ended March 31, 2014, 2013 and 2012, respectively. For the fiscal years ended March 31, 2014, 2013 and 2012, advertising expense, net of vendor reimbursements, totaled approximately $217 million, $240 million, and $321 million, respectively.

Software Development Costs

Research and development costs, which consist primarily of software development costs, are expensed as incurred. We are required to capitalize software development costs incurred for computer software to be sold, leased or otherwise marketed after technological feasibility of the software is established or for development costs that have alternative future uses. Under our current practice of developing new games, the technological feasibility of the underlying software is not established until substantially all product development and testing is complete, which generally includes the development of a working model. The software development costs that have been capitalized to date have been insignificant.

Foreign Currency Translation

For each of our foreign operating subsidiaries, the functional currency is generally its local currency. Assets and liabilities of foreign operations are translated into U.S. dollars using month-end exchange rates, and revenue and expenses are translated into U.S. dollars using average exchange rates. The effects of foreign currency translation adjustments are included as a component of accumulated other comprehensive income in stockholders' equity.

Foreign currency transaction gains and losses are a result of the effect of exchange rate changes on transactions denominated in currencies other than the functional currency. Net foreign currency transaction gains (losses) of $4 million, $2 million, and $(29) million for the fiscal years ended March 31, 2014, 2013 and 2012, respectively, are included in interest and other income (expense), net, in our Consolidated Statements of Operations.

Income Taxes

We recognize deferred tax assets and liabilities for both the expected impact of differences between the financial statement amount and the tax basis of assets and liabilities and for the expected future tax benefit to be derived from tax losses and tax credit carryforwards. We record a valuation allowance against deferred tax assets when it is considered more likely than not that all or a portion of our deferred tax assets will not be realized. In making this determination, we are required to give significant weight to evidence that can be objectively verified. It is generally difficult to conclude that a valuation allowance is not needed when there is significant negative evidence, such as cumulative losses in recent years. Forecasts of future taxable income are considered to be less objective than past results, particularly in light of the economic environment. Therefore, cumulative losses weigh heavily in the overall assessment.

In addition to considering forecasts of future taxable income, we are also required to evaluate and quantify other possible sources of taxable income in order to assess the realization of our deferred tax assets, namely the reversal of existing deferred tax liabilities, the carry back of losses and credits as allowed under current tax law, and the implementation of tax planning strategies. Evaluating and quantifying these amounts involves significant judgments. Each source of income must be evaluated based on all positive and negative evidence; this evaluation

involves assumptions about future activity. Certain taxable temporary differences that are not expected to reverse during the carry forward periods permitted by tax law cannot be considered as a source of future taxable income that may be available to realize the benefit of deferred tax assets.

Based on the assumptions and requirements noted above, we have recorded a valuation allowance against most of our U.S. deferred tax assets. In addition, we expect to provide a valuation allowance on future U.S. tax benefits until we can sustain a level of profitability in the U.S., or until other significant positive evidence arises that suggest that these benefits are more likely than not to be realized.

Impact of Recently Issued Accounting Standards

In April 2014, the FASB issued ASU 2014-08, *Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360)*. The amendments of this ASU require that only the disposals representing a strategic shift in operations should be presented as discontinued operations. Those strategic shifts should have a major effect on the organization's operations and financial results. The disclosure requirements will be effective for annual periods (and interim periods within those annual periods) beginning after December 15, 2014, and will require prospective application. Early adoption is permitted. We expect to adopt this new standard in the first quarter of fiscal year 2016. We do not expect the adoption to have a material impact on our Consolidated Financial Statements.

In July 2013, the FASB issued ASU 2013-11, *Income Taxes (Topic 220): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists*. The amendments of this ASU require that entities that have an unrecognized tax benefit and a net operating loss carryforward or similar tax loss or tax credit carryforward in the same jurisdiction as the uncertain tax position present the unrecognized tax benefit as a reduction of the deferred tax asset for the loss or tax credit carryforward rather than as a liability when the uncertain tax position would reduce the loss or tax credit carryforward under the tax law. The disclosure requirements will be effective for annual periods (and interim periods within those annual periods) beginning after December 15, 2013, and will require prospective application. Early adoption is permitted. The adoption will impact our balance sheet only, and we expect to adopt this new standard in the first quarter of fiscal year 2015. While we have not completed our analysis, we anticipate the adoption will result in equal reductions to both deferred tax assets and noncurrent income tax obligations between $80 million and $90 million.

(2) FAIR VALUE MEASUREMENTS

There are various valuation techniques used to estimate fair value, the primary one being the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining fair value, we consider the principal or most advantageous market in which we would transact and consider assumptions that market participants would use when pricing the asset or liability. We measure certain financial and nonfinancial assets and liabilities at fair value on a recurring and nonrecurring basis.

Fair Value Hierarchy

The three levels of inputs that may be used to measure fair value are as follows:

- *Level 1*. Quoted prices in active markets for identical assets or liabilities.
- *Level 2*. Observable inputs other than quoted prices included within Level 1, such as quoted prices for similar assets or liabilities, quoted prices in markets with insufficient volume or infrequent transactions (less active markets), or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data for substantially the full term of the assets or liabilities.
- *Level 3*. Unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of assets or liabilities.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

As of March 31, 2014 and 2013, our assets and liabilities that were measured and recorded at fair value on a recurring basis were as follows (in millions):

		Fair Value Measurements at Reporting Date Using			
	As of March 31, 2014	Quoted Prices in Active Markets for Identical Financial Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance Sheet Classification
Assets					
Money market funds	$ 588	$588	$ —	$ —	Cash equivalents
Available-for-sale securities:					
Corporate bonds	279	—	279	—	Short-term investments
Commercial paper	146		146		Short-term investments and cash equivalents
U.S. Treasury securities	118	118	—	—	Short-term investments and cash equivalents
U.S. agency securities	89	—	89	—	Short-term investments and cash equivalents
Deferred compensation plan assets[a]	9	9	—	—	Other assets
Total assets at fair value	$1,229	$715	$514	$ —	
Liabilities					
Contingent consideration[b]	$ 4	$ —	$ —	$ 4	Accrued and other current liabilities and other liabilities
Foreign currency derivatives	6	—	6	—	Accrued and other current liabilities
Deferred compensation plan liabilities[a]	9	9	—	—	Other liabilities
Total liabilities at fair value	$ 19	$ 9	$ 6	$ 4	

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)
	Contingent Consideration
Balance as of March 31, 2013	$ 43
Change in fair value[c]	(35)
Payments[d]	(4)
Balance as of March 31, 2014	$ 4

	As of March 31, 2013	Fair Value Measurements at Reporting Date Using: Quoted Prices in Active Markets for Identical Financial Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance Sheet Classification
Assets					
Money market funds	$469	$469	$ —	$ —	Cash equivalents
Available-for-sale securities:					
Corporate bonds	178	—	178	—	Short-term investments
U.S. agency securities	91	—	91	—	Short-term investments and cash equivalents
U.S. Treasury securities	88	88	—	—	Short-term investments and cash equivalents
Commercial paper	73	—	73	—	Short-term investments and cash equivalents
Deferred compensation plan assets[a]	11	11	—	—	Other assets
Foreign currency derivatives	6	—	6	—	Other current assets
Total assets at fair value	$916	$568	$348	$ —	
Liabilities					
Contingent consideration[b]	$ 43	$ —	$ —	$ 43	Accrued and other current liabilities and other liabilities
Deferred compensation plan liabilities[a]	12	12	—	—	Other liabilities
Total liabilities at fair value	$ 55	$ 12	$ —	$ 43	

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3): Contingent Consideration
Balance as of March 31, 2012	$112
Change in fair value[c]	(64)
Payments[d]	(5)
Balance as of March 31, 2013	$ 43

(a) The Deferred Compensation Plan assets consist of various mutual funds. See Note 15 for additional information regarding our Deferred Compensation Plan.

(b) The contingent consideration as of March 31, 2014 represents the estimated fair value of the additional variable cash consideration payable in connection with our acquisitions of KlickNation Corporation (“KlickNation”) and Chillingo Limited (“Chillingo”) that are contingent upon the achievement of certain performance milestones. The contingent consideration as of March 31, 2013 represents the estimated fair value of the additional variable cash consideration payable in connection with our acquisitions of PopCap Games, Inc. (“PopCap”), KlickNation and Chillingo that are contingent upon the achievement of certain performance milestones. We estimated the fair value of the acquisition-related contingent consideration payable using probability-weighted discounted cash flow models, and applied a discount rate that appropriately captures the risk associated with the obligation. The weighted average of the discount rates used during the fiscal year 2014 was 18 percent. The weighted average of the discount rates used during the fiscal year 2013 was 13 percent. The significant unobservable input used in the fair value measurement of the contingent consideration payable are forecasted earnings. Significant changes in forecasted earnings would result in a significantly higher or lower fair value measurement. At March 31, 2014 and March 31, 2013, the fair market value of acquisition-related contingent consideration totaled $4 million and $43 million, respectively, compared to a maximum potential payout of $10 million and $566 million, respectively.

(c) The change in fair value is reported as acquisition-related contingent consideration in our Consolidated Statements of Operations.

(d) During fiscal year 2014, we made payments totaling $4 million to settle certain performance milestones achieved in connection with one of our acquisitions. During fiscal year 2013, we made payments totaling $5 million to settle certain performance milestones achieved in connection with two of our acquisitions.

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

During fiscal year 2014, our assets that were measured and recorded at fair value on a nonrecurring basis and the related impairments on those assets were as follows (in millions):

		Fair Value Measurements Using			
	Net Carrying Value as of March 31, 2014	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Impairments for the Fiscal Year Ended March 31, 2014
Assets					
Royalty-based asset	$—	$—	$—	$—	$17
Total impairments recorded for non-recurring measurements on assets held as of March 31, 2014					$17

During fiscal year 2014, we became aware of facts and circumstances that indicated that the carrying value of one of our royalty-based assets was not recoverable. The impairment charges are included in cost of revenue on our Consolidated Statements of Operations.

During fiscal year 2013, our assets that were measured and recorded at fair value on a nonrecurring basis and the related impairments on those assets were as follows (in millions):

		Fair Value Measurements Using			
	Net Carrying Value as of March 31, 2013	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Impairments for the Fiscal Year Ended March 31, 2013
Assets					
Acquisition-related intangible assets	$4	$—	$—	$4	$39
Total impairments recorded for non-recurring measurements on assets held as of March 31, 2013					$39

During fiscal year 2013, we became aware of facts and circumstances that indicated that the carrying value of some of our acquisition-related intangible assets were not recoverable. We recognized impairment charges of $34 million and $5 million in cost of revenue and amortization of intangibles, respectively, on our Consolidated Statements of Operations.

(3) FINANCIAL INSTRUMENTS

Cash and Cash Equivalents

As of March 31, 2014 and 2013, our cash and cash equivalents were $1,782 million and $1,292 million, respectively. Cash equivalents were valued at their carrying amounts as they approximate fair value due to the short maturities of these financial instruments.

Short-Term Investments

Short-term investments consisted of the following as of March 31, 2014 and 2013 (in millions):

	As of March 31, 2014				As of March 31, 2013			
	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Corporate bonds	$279	$—	$—	$279	$177	$ 1	$—	$178
U.S. Treasury securities	114	—	—	114	85	—	—	85
Commercial paper	110	—	—	110	49	—	—	49
U.S. agency securities	80	—	—	80	76	—	—	76
Short-term investments	$583	$—	$—	$583	$387	$ 1	$—	$388

We evaluate our investments for impairment quarterly. Factors considered in the review of investments with an unrealized loss include the credit quality of the issuer, the duration that the fair value has been less than the adjusted cost basis, severity of the impairment, reason for the decline in value and potential recovery period, the financial condition and near-term prospects of the investees, our intent to sell and ability to hold the investment for a period of time sufficient to allow for any anticipated recovery in market value, and any contractual terms impacting the prepayment or settlement process. Based on our review, we did not consider these investments to be other-than-temporarily impaired as of March 31, 2014 and 2013.

The following table summarizes the amortized cost and fair value of our short-term investments, classified by stated maturity as of March 31, 2014 and 2013 (in millions):

	As of March 31, 2014		As of March 31, 2013	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Short-term investments				
Due in 1 year or less	$318	$318	$160	$160
Due in 1-2 years	156	156	126	127
Due in 2-3 years	104	104	101	101
Due in 3-4 years	5	5	—	—
Short-term investments	$583	$583	$387	$388

0.75% Convertible Senior Notes Due 2016

The following table summarizes the carrying value and fair value of our 0.75% Convertible Senior Notes due 2016 as of March 31, 2014 and 2013 (in millions):

	As of March 31, 2014		As of March 31, 2013	
	Carrying Value	Fair Value	Carrying Value	Fair Value
0.75% Convertible Senior Notes due 2016	$580	$731	$559	$614

The carrying value of the 0.75% Convertible Senior Notes due 2016 excludes the fair value of the equity conversion feature, which was classified as equity upon issuance, while the fair value is based on quoted market prices for the 0.75% Convertible Senior Notes due 2016, which includes the equity conversion feature. The fair value of the 0.75% Convertible Senior Notes due 2016 is classified as Level 2 within the fair value hierarchy. See Note 12 for additional information related to our 0.75% Convertible Senior Notes due 2016.

(4) DERIVATIVE FINANCIAL INSTRUMENTS

The assets or liabilities associated with our derivative instruments and hedging activities are recorded at fair value in other current assets or accrued and other current liabilities, respectively, on our Consolidated Balance Sheets. As discussed below, the accounting for gains and losses resulting from changes in fair value depends on the use of the derivative instrument and whether it is designated and qualifies for hedge accounting.

We transact business in various foreign currencies and have significant international sales and expenses denominated in foreign currencies, subjecting us to foreign currency risk. We purchase foreign currency forward and option contracts, generally with maturities of 15 months or less, to reduce the volatility of cash flows primarily related to forecasted revenue and expenses denominated in certain foreign currencies. Our cash flow risks are primarily related to fluctuations in the Euro, British pound sterling, Canadian dollar, and Swedish Krona. In addition, we utilize foreign currency forward contracts to mitigate foreign exchange rate risk associated with foreign-currency-denominated monetary assets and liabilities, primarily intercompany receivables and payables. The foreign currency forward contracts not designated as hedging instruments generally have a contractual term of approximately 3 months or less and are transacted near month-end. At each quarter-end, the fair value of the foreign currency forward contracts is generally not significant. We do not use foreign currency option or foreign currency forward contracts for speculative or trading purposes.

Cash Flow Hedging Activities

Our foreign currency option and certain of our forward contracts are designated and qualify as cash flow hedges. The effectiveness of the cash flow hedge contracts, including time value, is assessed monthly using regression analysis, as well as other timing and probability criteria. To qualify for hedge accounting treatment, all hedging relationships are formally documented at the inception of the hedges and must be highly effective in offsetting changes to future cash flows on hedged transactions. The derivative assets or liabilities associated with our hedging activities are recorded at fair value in other current assets or accrued and other liabilities on our Consolidated Balance Sheets. The effective portion of gains or losses resulting from changes in the fair value of these hedges is initially reported, net of tax, as a component of accumulated other comprehensive income in stockholders' equity. The gross amount of the effective portion of gains or losses resulting from changes in the fair value of these hedges is subsequently reclassified into net revenue or research and development expenses, as appropriate, in the period when the forecasted transaction is recognized in our Consolidated Statements of Operations. In the event that the gains or losses in accumulated other comprehensive income are deemed to be ineffective, the ineffective portion of gains or losses resulting from changes in fair value, if any, is reclassified to interest and other income (expense), net, in our Consolidated Statements of Operations. In the event that the underlying forecasted transactions do not occur, or it becomes remote that they will occur, within the defined hedge period, the gains or losses on the related cash flow hedges are reclassified from accumulated other comprehensive income to interest and other income (expense), net, in our Consolidated Statements of Operations.

Total gross notional amounts and fair values for currency derivatives with cash flow hedge accounting designation are as follows:

	As of March 31, 2014			As of March 31, 2013		
	Notional Amount	Fair Value		Notional Amount	Fair Value	
		Asset	Liability		Asset	Liability
Option contracts to purchase	$ —	$—	$—	$ 84	$—	$—
Forward contracts to purchase	179	—	3	—	—	—
Total	$179	$—	$ 3	$ 84	$—	$—
Option contracts to sell	$ —	$—	$—	$149	$ 6	$—
Forward contracts to sell	363	—	2	—	—	—
Total	$363	$—	$ 2	$149	$ 6	$—

The net impact of the effective portion of gains and losses from our cash flow hedging activities in our Consolidated Statements of Operations for the fiscal years ended March 31, 2014, 2013 and 2012 was a loss of $9 million, $4 million, and $4 million respectively. During the fiscal years ended March 31, 2014, 2013 and 2012, we reclassified an immaterial amount of the ineffective portion of gains or losses resulting from changes in fair value into interest and other income (expense), net.

Balance Sheet Hedging Activities

Our foreign currency forward contracts that are not designated as hedging instruments are accounted for as derivatives whereby the fair value of the contracts are reported as other current assets or accrued and other current liabilities on our Consolidated Balance Sheets, and gains and losses resulting from changes in the fair value are reported in interest and other income (expense), net, in our Consolidated Statements of Operations. The gains and losses on these foreign currency forward contracts generally offset the gains and losses in the underlying foreign-currency-denominated monetary assets and liabilities, which are also reported in interest and other income (expense), net, in our Consolidated Statements of Operations. The fair value of our foreign currency forward contracts was measured using Level 2 inputs.

Total gross notional amounts and fair values for currency derivatives that are not designated as hedging instruments are accounted for as follows:

	As of March 31, 2014			As of March 31, 2013		
	Notional Amount	Fair Value Asset	Fair Value Liability	Notional Amount	Fair Value Asset	Fair Value Liability
Forward contracts to purchase in exchange for USD	$140	$—	$ 1	$ 87	$—	$—
Total	$140	$—	$ 1	$ 87	$—	$—
Forward contracts to sell in exchange for USD	$232	$—	$—	$213	$—	$—
Forward contracts to sell in exchange for GBP	—	—	—	6	—	—
Total	$232	$—	$—	$219	$—	$—

The effect of foreign currency forward contracts not designated as hedging instruments in our Consolidated Statements of Operations for the fiscal years ended March 31, 2014, 2013 and 2012, was as follows (in millions):

	Location of Gain (Loss) Recognized in Income on Derivative	Amount of Gain (Loss) Recognized in Income on Derivative — Year Ended March 31, 2014	2013	2012
Foreign currency forward contracts not designated as hedging instruments	Interest and other income (expense), net	$(5)	$(2)	$21

(5) ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The changes in accumulated other comprehensive income (loss) by component, net of tax, for the fiscal years ended March 31, 2014, 2013 and 2012 are as follows (in millions):

	Unrealized Net Gains (Losses) on Available-for-Sale Securities	Unrealized Net Gains (Losses) on Derivative Instruments	Foreign Currency Translation Adjustments	Total
Balances as of March 31, 2011	$125	$ (2)	$ 96	$ 219
Other comprehensive loss before reclassifications	(40)	(4)	(4)	(48)
Amounts reclassified from accumulated other comprehensive income	(2)	4	—	2
Net current-period other comprehensive income (loss)	(42)	—	(4)	(46)
Balances as of March 31, 2012	$ 83	$ (2)	$ 92	$ 173
Other comprehensive loss before reclassifications	$ (46)	$ (2)	$(19)	$ (67)
Amounts reclassified from accumulated other comprehensive income	(41)	4	—	(37)
Net current-period other comprehensive income (loss)	(87)	2	(19)	(104)
Balances as of March 31, 2013	(4)	—	73	69
Other comprehensive loss before reclassifications	$ —	$(19)	$(22)	$ (41)
Amounts reclassified from accumulated other comprehensive income	—	9	—	9
Net current-period other comprehensive income (loss)	—	(10)	(22)	(32)
Balances as of March 31, 2014	(4)	(10)	51	37

The effects on net loss of amounts reclassified from accumulated other comprehensive income (loss) for the fiscal years ended March 31, 2014, 2013 and 2012 were as follows (in millions):

Details about Accumulated Other Comprehensive Income (Loss) Components	Amount Reclassified From Accumulated Other Comprehensive Income (loss)			Statement of Operations Classification
	Year Ended March 31, 2014	Year Ended March 31, 2013	Year Ended March 31, 2012	
Reclassification adjustment for realized gains on available-for-sale securities				
	$—	$(39)	$—	Gains on strategic investments
	—	(2)	(2)	Interest and other income (expense)
	—	(41)	(2)	Net of tax
Reclassification adjustment for net realized losses on derivative instruments				
	7	3	3	Net revenue
	2	1	1	Research and development
	9	4	4	Net of tax
Total amount reclassified, net of tax	$ 9	$(37)	$ 2	

(6) BUSINESS COMBINATIONS

Fiscal Year 2014 Acquisitions

During the fiscal year ended March 31, 2014, we completed one acquisition that did not have a significant impact on our Consolidated Financial Statements.

Fiscal Year 2013 Acquisitions

During the fiscal year ended March 31, 2013, we completed one acquisition that did not have a significant impact on our Consolidated Financial Statements.

Fiscal Year 2012 Acquisitions

PopCap Games Inc.

In August 2011, we acquired all of the outstanding shares of PopCap for an aggregate purchase price of approximately (1) $645 million in cash and (2) $87 million in privately-placed shares of our common stock to the founders and chief executive officer of PopCap. In addition, we agreed to grant over a four year period to PopCap's employees up to $50 million in long-term equity retention arrangements in the form of restricted stock unit awards and options to acquire our common stock. These awards and options are accounted for as stock-based compensation in accordance with ASC 718, Compensation – Stock Compensation. PopCap is a leading developer of games for mobile phones, tablets, PCs, and social network sites. This acquisition strengthened our participation in casual gaming and contributed to the growth of our digital product offerings.

The following table summarizes the acquisition date fair value of the consideration transferred which consisted of the following (in millions):

Cash	$645
Equity	87
Total purchase price	$732

The equity included in the consideration above consisted of privately-placed shares of our common stock, whose fair value was determined based on the quoted market price of our common stock on the date of acquisition.

In addition, we were required to pay additional variable cash consideration that was contingent upon the achievement of certain performance milestones through December 31, 2013 and was limited to a maximum of $550 million based on achievement of certain non-GAAP earnings targets before interest and tax. As of December 31, 2013, performance milestones were not met, resulting in the expiration of the earn-out. No payments were made under this earn-out.

The final allocation of the purchase price was completed during the third quarter of fiscal year 2012. The following table summarizes the fair values of assets acquired and liabilities assumed at the date of acquisition (in millions):

Current assets	$ 62
Property and equipment, net	6
Goodwill	563
Finite-lived intangible assets	302
Contingent consideration	(95)
Deferred income taxes, net	(51)
Other liabilities	(55)
Total purchase price	$732

All of the goodwill was initially assigned to our EA Labels operating segment and subsequently assigned to our operating segment. None of the goodwill recognized upon acquisition is deductible for tax purposes. See Note 7 for additional information related to the changes in the carrying amount of goodwill and Note 18 for segment information.

Finite-lived intangible assets acquired in this transaction were being amortized on a straight-line basis over their estimated lives ranging from three to nine years. The intangible assets as of the date of the acquisition include:

	Gross Carrying Amount (in millions)	Weighted-Average Useful Life (in years)
Developed and core technology	$245	6
Trade names and trademarks	40	9
In-process research and development	15	5
Other intangibles	2	4
Total finite-lived intangibles	$302	6

In connection with our acquisition of PopCap, we acquired in-process research and development assets valued at approximately $15 million in relation to game software that had not reached technical feasibility as of the date of acquisition. The fair value of PopCap's products under development was determined using the income approach, which discounts expected future cash flows from the acquired in-process technology to present value. The discount rates used in the present value calculations were derived from an average weighted average cost of capital of 13 percent.

There were six in-process research and development projects acquired as of the acquisition date each with $4 million or less of assigned fair value and $15 million of aggregate fair value. Additionally, each project had less than $2 million of estimated costs to complete, and aggregate cost to complete was $5 million. As of the acquisition date, the weighted-average estimated percentage completion of all six projects combined was 36 percent. Certain development projects were completed beginning in the fourth quarter of fiscal year 2012 with the remaining projects completed in fiscal year 2014.

The results of operations of PopCap and the estimated fair market values of the assets acquired and liabilities assumed have been included in our Consolidated Financial Statements since the date of acquisition. Pro forma results of operations have not been presented because the effect of the acquisition was not material to our Consolidated Statements of Operations.

Other Fiscal 2012 Acquisitions

During the fiscal year ended March 31, 2012, we completed four other acquisitions. These business combinations were completed for total cash consideration of approximately $55 million. These acquisitions were not material to our Consolidated Balance Sheets and Statements of Operations. The results of operations and the estimated fair value of the acquired assets and assumed liabilities have been included in our Consolidated Financial Statements since the date of the acquisitions. See Note 7 for information regarding goodwill and acquisition-related intangible assets. Pro forma results of operations have not been presented because the effect of the acquisitions was not material to our Consolidated Statements of Operations.

(7) GOODWILL AND ACQUISITION-RELATED INTANGIBLES, NET

The changes in the carrying amount of goodwill for the fiscal year ended March 31, 2014 are as follows (in millions):

	As of March 31, 2013	Activity	Effects of Foreign Currency Translation	As of March 31, 2014
Goodwill	$2,089	$ 5	$ (3)	$2,091
Accumulated impairment	(368)	—	—	(368)
Total	$1,721	$ 5	$ (3)	$1,723

The changes in the carrying amount of goodwill for the fiscal year ended March 31, 2013 are as follows (in millions):

	As of March 31, 2012	Activity	Effects of Foreign Currency Translation	As of March 31, 2013
Goodwill	$2,086	$ 3	$—	$2,089
Accumulated impairment	(368)	—	—	(368)
Total	$1,718	$ 3	$—	$1,721

Goodwill represents the excess of the purchase price over the fair value of the underlying acquired net tangible and intangible assets. Goodwill is not amortized, but rather subject to at least an annual assessment for impairment by applying a fair value-based test. Our goodwill is fully attributed to our operating segment. See Note 18 for additional information regarding our segment information.

Acquisition-related intangibles, consisted of the following (in millions):

	As of March 31, 2014			As of March 31, 2013		
	Gross Carrying Amount	Accumulated Amortization	Acquisition-Related Intangibles, Net	Gross Carrying Amount	Accumulated Amortization	Acquisition-Related Intangibles, Net
Developed and core technology	$531	$(385)	$146	$527	$(324)	$203
Trade names and trademarks	130	(105)	25	130	(99)	31
Registered user base and other intangibles	87	(87)	—	87	(84)	3
Carrier contracts and related	85	(79)	6	85	(73)	12
In-process research and development	—	—	—	4	—	4
Total	$833	$(656)	$177	$833	$(580)	$253

Amortization of intangibles and impairment charges recognized for our acquisition-related intangible assets for the fiscal years ended March 31, 2014, 2013 and 2012 are classified in the Consolidated Statement of Operations as follows (in millions):

	Year Ended March 31,		
	2014	2013	2012
Cost of product	$33	$ 55	$35
Cost of service and other	27	38	17
Operating expenses	16	30	43
Total	$76	$123	$95

Acquisition-related intangible assets are amortized using the straight-line method over the lesser of their estimated useful lives or the agreement terms, typically from 2 to 14 years. As of March 31, 2014 and 2013, the weighted-average remaining useful life for acquisition-related intangible assets was approximately 3.2 years and 3.9 years for each period, respectively.

As of March 31, 2014, future amortization of acquisition-related intangibles that will be recorded in the Consolidated Statement of Operations is estimated as follows (in millions):

Fiscal Year Ending March 31,	
2015	$ 65
2016	53
2017	32
2018	12
2019	8
Thereafter	7
Total	$177

(8) RESTRUCTURING AND OTHER CHARGES

Restructuring and other restructuring plan-related information as of March 31, 2014 was as follows (in millions):

	Fiscal 2013 Restructuring			Fiscal 2011 Restructuring		Other Restructurings and Reorganization		
	Workforce	Facilities-related	Other	Workforce	Other	Facilities-related	Other	Total
Balances as of March 31, 2011	$ —	$—	$—	$ 3	$101	$ 8	$ 5	$117
Charges to operations	—	—	—	(1)	21	(12)	8	16
Charges settled in cash	—	—	—	(2)	(47)	7	(13)	(55)
Balances as of March 31, 2012	—	—	—	—	75	3	—	78
Charges to operations	10	3	9	—	6	(1)	—	27
Charges settled in cash	(10)	—	(1)	—	(24)	(1)	—	(36)
Charges settled in non-cash	—	(1)	(7)	—	—	1	—	(7)
Balances as of March 31, 2013	—	2	1	—	57	2	—	62
Charges to operations	—	1	—	—	(2)	—	—	(1)
Charges settled in cash	—	(2)	—	—	(8)	(1)	—	(11)
Balances as of March 31, 2014	$ —	$ 1	$ 1	$—	$ 47	$ 1	$ —	$ 50

Fiscal 2013 Restructuring

In fiscal year 2013, we announced a restructuring plan to align our cost structure with our ongoing digital transformation. Under this plan, we reduced our workforce, terminated licensing agreements, and consolidated or closed various facilities. We completed all actions under this restructuring plan during fiscal year 2013.

Since the inception of the fiscal 2013 restructuring plan through March 31, 2014, we have incurred charges of $23 million, consisting of (1) $10 million in employee-related expenses, (2) $9 million related to license termination costs, and (3) $4 million related to the closure of certain of our facilities. Substantially all of these costs were settled in cash by March 31, 2013, with the exception of approximately $2 million of license and lease termination costs, which will be settled by August 2016. We do not expect to incur any additional restructuring charges under this plan.

Fiscal 2011 Restructuring

In fiscal year 2011, we announced a plan focused on the restructuring of certain licensing and developer agreements in an effort to improve the long-term profitability of our packaged goods business. Under this plan, we amended certain licensing and developer agreements. To a much lesser extent, as part of this restructuring we had workforce reductions and facilities closures through March 31, 2011. Substantially all of these exit activities were completed by March 31, 2011.

Since the inception of the fiscal 2011 restructuring plan through March 31, 2014, we have incurred charges of $172 million, consisting of (1) $129 million related to the amendment of certain licensing agreements and other intangible asset impairment costs, (2) $31 million related to the amendment of certain developer agreements, and (3) $12 million in employee-related expenses. The $47 million restructuring accrual as of March 31, 2014 related to the fiscal 2011 restructuring is expected to be settled by June 2016. We currently estimate recognizing in future periods through June 2016, approximately $7 million for the accretion of interest expense related to our amended licensing and developer agreements. This interest expense will be included in restructuring and other charges in our Consolidated Statement of Operations.

Overall, including $172 million in charges incurred through March 31, 2014, we expect to incur total cash and non-cash charges between $175 million and $180 million by June 2016. These charges will consist primarily of (1) charges, including accretion of interest expense, related to the amendment of certain licensing and developer agreements and other intangible asset impairment costs (approximately $167 million) and (2) employee-related costs ($12 million).

Other Restructurings and Reorganization

We also engaged in various other restructurings and a reorganization based on management decisions made prior to fiscal 2011. We do not expect to incur any additional restructuring charges under these plans. The $1 million restructuring accrual as of March 31, 2014 related to our other restructuring plans is expected to be settled by September 2016.

(9) ROYALTIES AND LICENSES

Our royalty expenses consist of payments to (1) content licensors, (2) independent software developers, and (3) co-publishing and distribution affiliates. License royalties consist of payments made to celebrities, professional sports organizations, movie studios and other organizations for our use of their trademarks, copyrights, personal publicity rights, content and/or other intellectual property. Royalty payments to independent software developers are payments for the development of intellectual property related to our games. Co-publishing and distribution royalties are payments made to third parties for the delivery of products.

Royalty-based obligations with content licensors and distribution affiliates are either paid in advance and capitalized as prepaid royalties or are accrued as incurred and subsequently paid. These royalty-based obligations are generally expensed to cost of revenue generally at the greater of the contractual rate or an effective royalty rate based on the total projected net revenue for contracts with guaranteed minimums. Prepayments made to thinly capitalized independent software developers and co-publishing affiliates are generally made in connection with the development of a particular product, and therefore, we are generally subject to development risk prior to the release of the product. Accordingly, payments that are due prior to completion of a product are generally expensed to research and development over the development period as the services are incurred. Payments due after completion of the product (primarily royalty-based in nature) are generally expensed as cost of revenue.

Our contracts with some licensors include minimum guaranteed royalty payments, which are initially recorded as an asset and as a liability at the contractual amount when no performance remains with the licensor. When performance remains with the licensor, we record guarantee payments as an asset when actually paid and as a liability when incurred, rather than recording the asset and liability upon execution of the contract. Royalty liabilities are classified as current liabilities to the extent such royalty payments are contractually due within the next 12 months.

Each quarter, we also evaluate the expected future realization of our royalty-based assets, as well as any unrecognized minimum commitments not yet paid to determine amounts we deem unlikely to be realized through product sales. Any impairments or losses determined before the launch of a product are generally charged to research and development expense. Impairments or losses determined post-launch are charged to cost of revenue. We evaluate long-lived royalty-based assets for impairment generally using undiscounted cash flows when impairment indicators exist. Unrecognized minimum royalty-based commitments are accounted for as executory contracts, and therefore, any losses on these commitments are recognized when the underlying intellectual property is abandoned (*i.e.*, cease use) or the contractual rights to use the intellectual property are terminated. During fiscal year 2014, we recognized losses of $35 million, inclusive of impairment charges of $17 million on royalty-based assets and $18 million of losses on previously unrecognized royalty-based commitments. During fiscal year 2013, we recognized losses of $15 million on previously unrecognized royalty-based commitments, inclusive of $9 million in license termination costs related to our fiscal 2013 restructuring. The losses related to restructuring and other plan-related activities are presented in Note 8.

The current and long-term portions of prepaid royalties and minimum guaranteed royalty-related assets, included in other current assets and other assets, consisted of (in millions):

	As of March 31,	
	2014	**2013**
Other current assets	$ 97	$ 63
Other assets	58	93
Royalty-related assets	$155	$156

At any given time, depending on the timing of our payments to our co-publishing and/or distribution affiliates, content licensors and/or independent software developers, we recognize unpaid royalty amounts owed to these parties as accrued liabilities. The current and long-term portions of accrued royalties, included in accrued and other current liabilities and other liabilities, consisted of (in millions):

	As of March 31,	
	2014	**2013**
Accrued royalties	$ 73	$103
Other accrued expenses	7	21
Other liabilities	53	46
Royalty-related liabilities	$133	$170

As of March 31, 2014, $1 million of restructuring accruals related to the fiscal 2013 restructuring plan, and $47 million of restructuring accruals related to the fiscal 2011 restructuring plan is included in royalty-related liabilities in the table above. See Note 8 for details of restructuring and other restructuring plan-related activities and Note 10 for the details of our accrued and other current liabilities.

In addition, as of March 31, 2014, we were committed to pay approximately $1,301 million to content licensors, independent software developers, and co-publishing and/or distribution affiliates, but performance remained with the counterparty (*i.e.*, delivery of the product or content or other factors) and such commitments were therefore not recorded in our Consolidated Financial Statements.

(10) BALANCE SHEET DETAILS

Inventories

Inventories as of March 31, 2014 and 2013 consisted of (in millions):

	As of March 31,	
	2014	2013
Finished goods	$55	$41
Raw materials and work in process	1	1
Inventories	$56	$42

Property and Equipment, Net

Property and equipment, net, as of March 31, 2014 and 2013 consisted of (in millions):

	As of March 31,	
	2014	2013
Computer equipment and software	$ 718	$ 660
Buildings	327	336
Leasehold improvements	129	129
Office equipment, furniture and fixtures	67	72
Land	63	64
Warehouse equipment and other	10	10
Construction in progress	5	8
	1,319	1,279
Less accumulated depreciation	(809)	(731)
Property and equipment, net	$ 510	$ 548

Depreciation expense associated with property and equipment was $126 million, $118 million and $102 million for the fiscal years ended March 31, 2014, 2013 and 2012, respectively.

Accrued and Other Current Liabilities

Accrued and other current liabilities as of March 31, 2014 and 2013 consisted of (in millions):

	As of March 31,	
	2014	2013
Other accrued expenses	$328	$338
Accrued compensation and benefits	259	217
Accrued royalties	73	103
Deferred net revenue (other)	121	79
Accrued and other current liabilities	$781	$737

Deferred net revenue (other) includes the deferral of subscription revenue, deferrals related to our Switzerland distribution business, advertising revenue, licensing arrangements and other revenue for which revenue recognition criteria has not been met.

Deferred Net Revenue (Online-Enabled Games)

Deferred net revenue (online-enabled games) was $1,490 million and $1,044 million as of March 31, 2014 and 2013, respectively. Deferred net revenue (online-enabled games) generally includes the unrecognized revenue from bundled sales of certain online-enabled games for which we do not have VSOE for the obligation to provide

unspecified updates. We recognize revenue from the sale of online-enabled games for which we do not have VSOE for the unspecified updates on a straight-line basis, generally over an estimated nine-month period beginning in the month after shipment for physical games sold through retail and an estimated six-month period for digitally-distributed games. However, we expense the cost of revenue related to these transactions during the period in which the product is delivered (rather than on a deferred basis).

(11) INCOME TAXES

The components of our income before provision for (benefit from) income taxes for the fiscal years ended March 31, 2014, 2013 and 2012 are as follows (in millions):

	Year Ended March 31,		
	2014	2013	2012
Domestic	$(146)	$ (15)	$(51)
Foreign	153	154	69
Income before provision for (benefit from) income taxes	$ 7	$139	$ 18

Provision for (benefit from) income taxes for the fiscal years ended March 31, 2014, 2013 and 2012 consisted of (in millions):

	Current	Deferred	Total
Year Ended March 31, 2014			
Federal	$ (2)	$ (9)	$(11)
State	1	(2)	(1)
Foreign	8	3	11
	$ 7	$ (8)	$ (1)
Year Ended March 31, 2013			
Federal	$ —	$ 5	$ 5
State	—	1	1
Foreign	39	(4)	35
	$ 39	$ 2	$ 41
Year Ended March 31, 2012			
Federal	$ 36	$(89)	$(53)
State	3	(2)	1
Foreign	(11)	5	(6)
	$ 28	$(86)	$(58)

Current income tax provision includes tax benefits allocated directly to contributed capital of $12 million and $4 million for fiscal years 2014 and 2012, respectively, and none for fiscal year 2013.

The differences between the statutory tax expense rate and our effective tax expense (benefit) rate, expressed as a percentage of income before provision for (benefit from) income taxes, for the fiscal years ended March 31, 2014, 2013 and 2012 were as follows:

	Year Ended March 31,		
	2014	2013	2012
Statutory federal tax expense rate	35.0%	35.0%	35.0%
State taxes, net of federal benefit	(242.9)%	(5.0)%	(33.5)%
Differences between statutory rate and foreign effective tax rate	(142.9)%	(15.2)%	(33.5)%
Valuation allowance	936.5%	35.0%	(195.1)%
Research and development credits	(128.6)%	(8.6)%	(39.2)%
Non-deductible acquisition-related costs and tax expense from integration restructurings	—	—	16.7%
Differences between book and tax on sale of strategic investments	—	(15.2)%	—
Resolution of tax matters with authorities	(657.1)%	—	—
Expiration of statutes of limitations	—	—	(266.8)%
Non-deductible stock-based compensation	385.7%	21.5%	205.6%
Acquisition-related contingent consideration	(185.7)%	(16.5)%	—
Other	(14.3)%	(1.5)%	(11.4)%
Effective tax expense (benefit) rate	(14.3)%	29.5%	(322.2)%

In connection with a review of our cash position including potential future cash needs for stock repurchases and debt retirement, we made a one-time repatriation of $700 million from certain of our wholly-owned subsidiaries during the three months ended March 31, 2014. This repatriation did not have a material impact on our effective tax rate for fiscal 2014 due to the deferred tax valuation allowance.

Undistributed earnings of our foreign subsidiaries amounted to approximately $150 million as of March 31, 2014, principally related to Electronic Arts (Canada). Those earnings are considered to be indefinitely reinvested and, accordingly, no U.S. income taxes have been provided thereon. Upon distribution of those earnings in the form of dividends or otherwise, we would be subject to both U.S. income taxes (subject to an adjustment for foreign tax credits) and withholding taxes payable to various foreign countries. It is not practicable to determine the income tax liability that might be incurred if these earnings were to be distributed.

The components of net deferred tax assets, as of March 31, 2014 and 2013 consisted of (in millions):

	As of March 31,	
	2014	2013
Deferred tax assets:		
Accruals, reserves and other expenses	$ 163	$ 179
Tax credit carryforwards	462	214
Stock-based compensation	43	46
Net operating loss & capital loss carryforwards	199	286
Total	867	725
Valuation allowance	(675)	(510)
Deferred tax assets, net of valuation allowance	192	215
Deferred tax liabilities:		
Depreciation	(12)	(16)
State effect on federal taxes	(63)	(56)
Amortization	(28)	(34)
Prepaids and other liabilities	(9)	(11)
Total	(112)	(117)
Deferred tax assets, net of valuation allowance and deferred tax liabilities	$ 80	$ 98

The valuation allowance increased by $165 million in fiscal year 2014, primarily due to the increase in deferred tax assets for U.S. tax credits that are not currently considered to be more likely than not to be realized.

As of March 31, 2014, we have federal net operating loss ("NOL") carry forwards of approximately $402 million of which approximately $48 million is attributable to various acquired companies. These acquired net operating loss carry forwards are subject to an annual limitation under Internal Revenue Code Section 382. The federal NOL, if not fully realized, will begin to expire in 2032. Furthermore, we have state net loss carry forwards of approximately $932 million of which approximately $137 million is attributable to various acquired companies. The state NOL, if not fully realized, will begin to expire in 2016. We also have U.S. federal, California and Canada tax credit carry forwards of $365 million, $121 million and $14 million, respectively. The U.S. federal tax credit carry forwards will begin to expire in 2019. The California and Canada tax credit carry forwards can be carried forward indefinitely.

The total unrecognized tax benefits as of March 31, 2014 and 2013 were $232 million and $297 million, respectively. As of March 31, 2014, no prior cash deposits to tax authorities for issues pending resolution as of March 31, 2014 were available to offset tax liabilities. As of March 31, 2013, prior cash deposits to tax authorities for issues pending resolution as of March 31, 2013 were available to offset $46 million of liabilities. A reconciliation of the beginning and ending balance of unrecognized tax benefits is summarized as follows (in millions):

Balance as of March 31, 2012	$ 274
Increases in unrecognized tax benefits related to prior year tax positions	2
Decreases in unrecognized tax benefits related to prior year tax positions	(2)
Increases in unrecognized tax benefits related to current year tax positions	30
Decreases in unrecognized tax benefits related to settlements with taxing authorities	—
Reductions in unrecognized tax benefits due to lapse of applicable statute of limitations	(5)
Changes in unrecognized tax benefits due to foreign currency translation	(2)
Balance as of March 31, 2013	297
Increases in unrecognized tax benefits related to prior year tax positions	10
Decreases in unrecognized tax benefits related to prior year tax positions	(79)
Increases in unrecognized tax benefits related to current year tax positions	44
Decreases in unrecognized tax benefits related to settlements with taxing authorities	(29)
Reductions in unrecognized tax benefits due to lapse of applicable statute of limitations	(9)
Changes in unrecognized tax benefits due to foreign currency translation	(2)
Balance as of March 31, 2014	$ 232

A portion of our unrecognized tax benefits will affect our effective tax rate if they are recognized upon favorable resolution of the uncertain tax positions. As of March 31, 2014, approximately $84 million of the unrecognized tax benefits would affect our effective tax rate and approximately $148 million would result in adjustments to deferred tax valuation allowance. As of March 31, 2013, approximately $106 million of the unrecognized tax benefits would affect our effective tax rate and approximately $177 million would result in corresponding adjustments to the deferred tax valuation allowance.

Interest and penalties related to estimated obligations for tax positions taken in our tax returns are recognized in income tax expense in our Consolidated Statements of Operations. The combined amount of accrued interest and penalties related to tax positions taken on our tax returns and included in non-current other liabilities was approximately $16 million as of March 31, 2014, as compared to $23 million as of March 31, 2013. Accrued interest expense related to estimated obligations for unrecognized tax benefits decreased by approximately $7 million during fiscal year 2014. There is no material change in accrued penalties during fiscal year 2014.

We file income tax returns in the United States, including various state and local jurisdictions. Our subsidiaries file tax returns in various foreign jurisdictions, including Canada, France, Germany, Switzerland and the United Kingdom. During the fourth quarter of the fiscal year ended March 31, 2014 we reached a final settlement with the Internal Revenue Service ("IRS") for the fiscal years 2006 through 2008. As a result, we recorded approximately $73 million of previously unrecognized tax benefits and reduced our accrual for interest by approximately $6 million. The recognition of approximately $19 million of these previously unrecognized tax benefits resulted in a reduction to our effective tax rate. The remainder, approximately $54 million, resulted in a corresponding adjustment to the deferred tax valuation allowance. The IRS is currently examining our returns for fiscal years 2009 through 2011, and we remain subject to income tax examination by the IRS for fiscal years after 2011.

On January 18, 2011, we received a Corporation Notice of Reassessment (the "Notice") from the Canada Revenue Agency ("CRA") claiming that we owe additional taxes, plus interest and penalties, for the 2004 and 2005 tax years. During the fourth quarter of the fiscal year ended March 31, 2014, we reached a final settlement with the CRA for the 2004 and 2005 tax years. In addition, we reached agreement on the major terms of a bilateral Advance Pricing Agreement ("APA") with the IRS and the CRA for fiscal years 2006 through 2016. As a result, we recorded approximately $17 million of previously unrecognized tax benefits and reduced our accrual for interest by approximately $3 million. The recognition of these previously unrecognized tax benefits resulted in a reduction to our effective rate.

We are also currently under income tax examination in the United Kingdom for fiscal years 2010 through 2012, in Germany for fiscal years 2008 through 2012, in Spain for fiscal years 2010 through 2013, and in Italy for fiscal years 2009 through 2011. We remain subject to income tax examination for several other jurisdictions including in France for fiscal years after 2011, in Germany for fiscal years after 2012, in the United Kingdom for fiscal years after 2012, and in Switzerland for fiscal years after 2007.

The timing of the resolution of income tax examinations is highly uncertain, and the amounts ultimately paid, if any, upon resolution of the issues raised by the taxing authorities may differ materially from the amounts accrued for each year. Although potential resolution of uncertain tax positions involve multiple tax periods and jurisdictions, it is reasonably possible that a reduction of up to $11 million of unrecognized tax benefits may occur within the next 12 months, some of which, depending on the nature of the settlement or expiration of statutes of limitations, may affect the Company's income tax provision and therefore benefit the resulting effective tax rate. The actual amount could vary significantly depending on the ultimate timing and nature of any settlements.

(12) FINANCING ARRANGEMENT

0.75% Convertible Senior Notes Due 2016

In July 2011, we issued $632.5 million aggregate principal amount of 0.75% Convertible Senior Notes due 2016 (the "Notes"). The Notes are senior unsecured obligations which pay interest semiannually in arrears at a rate of 0.75% per annum on January 15 and July 15 of each year, beginning on January 15, 2012 and will mature on July 15, 2016, unless earlier purchased or converted in accordance with their terms prior to such date. The Notes are senior in right of payment to any unsecured indebtedness that is expressly subordinated in right of payment to the Notes.

The Notes are convertible into cash and shares of our common stock based on an initial conversion value of 31.5075 shares of our common stock per $1,000 principal amount of Notes (equivalent to an initial conversion price of approximately 31.74 per share). Upon conversion of the Notes, holders will receive cash up to the principal amount of each Note, and any excess conversion value will be delivered in shares of our common stock. Prior to April 15, 2016, the Notes are convertible only if (1) the last reported sale price of the common stock for at least 20 trading days (whether or not consecutive) during the period of 30 consecutive trading days ending on the last trading day of the immediately preceding fiscal quarter is greater than or equal to 130 percent of the conversion price ($41.26 per share) on each applicable trading day; (2) during the five business day period after

any ten consecutive trading day period in which the trading price per $1,000 principal amount of notes falls below 98 percent of the last reported sale price of our common stock multiplied by the conversion rate on each trading day; or (3) specified corporate transactions, including a change in control, occur. On or after April 15, 2016, a holder may convert any of its Notes at any time prior to the close of business on the second scheduled trading day immediately preceding the maturity date. The conversion rate is subject to customary anti-dilution adjustments (for example, certain dividend distributions or tender or exchange offer of our common stock), but will not be adjusted for any accrued and unpaid interest. The Notes are not redeemable prior to maturity except for specified corporate transactions and events of default, and no sinking fund is provided for the Notes. The Notes do not contain any financial covenants.

We separately account for the liability and equity components of the Notes. The carrying amount of the equity component representing the conversion option is equal to the fair value of the Convertible Note Hedge, as described below, which is a substantially identical instrument and was purchased on the same day as the Notes. The carrying amount of the liability component was determined by deducting the fair value of the equity component from the par value of the Notes as a whole, and represents the fair value of a similar liability that does not have an associated convertible feature. A liability of $525 million as of the date of issuance was recognized for the principal amount of the Notes representing the present value of the Notes' cash flows using a discount rate of 4.54 percent. The excess of the principal amount of the liability component over its carrying amount is amortized to interest expense over the term of the Notes using the effective interest method. The equity component is not remeasured as long as it continues to meet the conditions for equity classification.

In accounting for $15 million of issuance costs paid in July 2011 related to the Notes issuance, we allocated $13 million to the liability component and $2 million to the equity component. Debt issuance costs attributable to the liability component are being amortized to interest expense over the term of the Notes, and issuance costs attributable to the equity component were netted with the equity component in additional paid-in capital.

The carrying values of the liability and equity components of the Notes are reflected in our Consolidated Balance Sheets as follows (in millions):

	As of March 31, 2014	As of March 31, 2013
Principal amount of Notes	$633	$633
Unamortized discount of the liability component	(53)	(74)
Net carrying amount of Notes	$580	$559
Equity component, net	$105	$105

As of March 31, 2014, the remaining life of the Notes is 2.2 years.

Convertible Note Hedge and Warrants Issuance

In July 2011, we entered into privately negotiated convertible note hedge transactions (the "Convertible Note Hedge") with certain counterparties to reduce the potential dilution with respect to our common stock upon conversion of the Notes. The Convertible Note Hedge, subject to customary anti-dilution adjustments, provides us with the option to acquire, on a net settlement basis, approximately 19.9 million shares of our common stock at a strike price of $31.74, which corresponds to the conversion price of the Notes and is equal to the number of shares of our common stock that notionally underlie the Notes. As of March 31, 2014, we have not purchased any shares under the Convertible Note Hedge. We paid $107 million for the Convertible Note Hedge, which was recorded as an equity transaction.

Separately, in July 2011 we also entered into privately negotiated warrant transactions with the certain counterparties whereby we sold to independent third parties warrants (the "Warrants") to acquire, subject to customary anti-dilution adjustments that are substantially the same as the anti-dilution provisions contained in

the Notes, up to 19.9 million shares of our common stock (which is also equal to the number of shares of our common stock that notionally underlie the Notes), with a strike price of $41.14. The Warrants could have a dilutive effect with respect to our common stock to the extent that the market price per share of our common stock exceeds $41.14 on or prior to the expiration date of the Warrants. We received proceeds of $65 million from the sale of the Warrants.

Credit Facility

On August 30, 2012, we entered into a $500 million senior unsecured revolving credit facility with a syndicate of banks. The credit facility terminates on February 29, 2016 and contains an option to arrange with existing lenders and/or new lenders for them to provide up to an aggregate of $250 million in additional commitments for revolving loans. Proceeds of loans made under the credit facility may be used for general corporate purposes.

The loans bear interest, at our option, at the base rate plus an applicable spread or an adjusted LIBOR rate plus an applicable spread, in each case with such spread being determined based on our consolidated leverage ratio for the preceding fiscal quarter. We are also obligated to pay other customary fees for a credit facility of this size and type. Interest is due and payable in arrears quarterly for loans bearing interest at the base rate and at the end of an interest period (or at each three month interval in the case of loans with interest periods greater than three months) in the case of loans bearing interest at the adjusted LIBOR rate. Principal, together with all accrued and unpaid interest, is due and payable on February 29, 2016.

The credit agreement contains customary affirmative and negative covenants, including covenants that limit or restrict our ability to, among other things, incur subsidiary indebtedness, grant liens, dispose of all or substantially all assets and pay dividends or make distributions, in each case subject to customary exceptions for a credit facility of this size and type. We are also required to maintain compliance with a capitalization ratio and maintain a minimum level of total liquidity and a minimum level of domestic liquidity.

The credit agreement contains customary events of default, including among others, non-payment defaults, covenant defaults, bankruptcy and insolvency defaults and a change of control default, in each case, subject to customary exceptions for a credit facility of this size and type. The occurrence of an event of default could result in the acceleration of the obligations under the credit agreement, an obligation by any guarantors to repay the obligations in full and an increase in the applicable interest rate.

As of March 31, 2014, no amounts were outstanding under the credit facility. During the three months ended September 30, 2012, we paid $2 million of debt issuance costs in connection with obtaining this credit facility. These costs are deferred and are being amortized to interest expense over the 3.5 years term of the credit facility.

The following table summarizes our interest expense recognized for fiscal years 2014, 2013, and 2012 that is included in interest and other income (expense), net on our Consolidated Statements of Operations (in millions):

	Year Ended March 31,		
	2014	2013	2012
Amortization of debt discount	$(21)	$(20)	$(14)
Amortization of debt issuance costs	(3)	(3)	(2)
Coupon interest expense	(5)	(5)	(3)
Other interest expense	(1)	(1)	(1)
Total interest expense	$(30)	$(29)	$(20)

(13) COMMITMENTS AND CONTINGENCIES

Lease Commitments

As of March 31, 2014, we leased certain facilities, furniture and equipment under non-cancelable operating lease agreements. We were required to pay property taxes, insurance and normal maintenance costs for certain of these facilities and any increases over the base year of these expenses on the remainder of our facilities.

Development, Celebrity, League and Content Licenses: Payments and Commitments

The products we produce in our studios are designed and created by our employee designers, artists, software programmers and by non-employee software developers ("independent artists" or "third-party developers"). We typically advance development funds to the independent artists and third-party developers during development of our games, usually in installment payments made upon the completion of specified development milestones. Contractually, these payments are generally considered advances against subsequent royalties on the sales of the products. These terms are set forth in written agreements entered into with the independent artists and third-party developers.

In addition, we have certain celebrity, league and content license contracts that contain minimum guarantee payments and marketing commitments that may not be dependent on any deliverables. Celebrities and organizations with whom we have contracts include, but are not limited to: FIFA (Fédération Internationale de Football Association), FIFPRO Foundation, FAPL (Football Association Premier League Limited), and DFL Deutsche Fußball Liga GmbH (German Soccer League) (professional soccer); Dr. Ing. h.c. F. Porsche AG, Ferrari S.p.A. (Need For Speed and Real Racing games); National Basketball Association (professional basketball); PGA TOUR (professional golf); National Hockey League and NHL Players' Association (professional hockey); National Football League Properties, PLAYERS Inc., and Red Bear Inc. (professional football); Collegiate Licensing Company (collegiate football); Zuffa, LLC (Ultimate Fighting Championship); ESPN (content in EA SPORTS games); Hasbro, Inc. (certain of Hasbro's board game intellectual properties); Disney Interactive (Star Wars); and Fox Digital Entertainment, Inc. (The Simpsons). These developer and content license commitments represent the sum of (1) the cash payments due under non-royalty-bearing licenses and services agreements and (2) the minimum guaranteed payments and advances against royalties due under royalty-bearing licenses and services agreements, the majority of which are conditional upon performance by the counterparty. These minimum guarantee payments and any related marketing commitments are included in the table below.

The following table summarizes our minimum contractual obligations as of March 31, 2014 (in millions):

		Fiscal Year Ending March 31,					
	Total	2015	2016	2017	2018	2019	Thereafter
Unrecognized commitments							
Developer/licensor commitments	$1,301	$132	$288	$212	$129	$ 98	$442
Marketing commitments	254	48	41	62	24	24	55
Operating leases	148	46	39	23	17	13	10
0.75% Convertible Senior Notes due 2016 interest[(a)]	12	5	5	2	—	—	—
Other purchase obligations	19	17	2	—	—	—	—
Total unrecognized commitments	1,734	248	375	299	170	135	507
Recognized commitments							
0.75% Convertible Senior Notes due 2016 principal[(a)]	633	—	—	633	—	—	—
Licensing and lease obligations[(b)]	59	12	11	34	1	1	—
Total recognized commitments	692	12	11	667	1	1	—
Total Commitments	$2,426	$260	$386	$966	$171	$136	$507

(a) Included in the $12 million coupon interest on the 0.75% Convertible Senior Notes due 2016 is $1 million of accrued interest recognized as of March 31, 2014. We will be obligated to pay the $632.5 million principal amount of the 0.75% Convertible Senior Notes due 2016 in cash and any excess conversion value in shares of our common stock upon redemption of the Notes at maturity on July 15, 2016 or upon earlier redemption. The $632.5 million principal amount excludes $53 million of unamortized discount of the liability component. See Note 12 for additional information regarding our 0.75% Convertible Senior Notes due 2016.

(b) See Note 8 for additional information regarding recognized commitments resulting from our restructuring plans. Lease commitments have not been reduced for approximately $6 million due in the future from third parties under non-cancelable sub-leases.

The unrecognized amounts represented in the table above reflect our minimum cash obligations for the respective fiscal years, but do not necessarily represent the periods in which they will be recognized and expensed in our Consolidated Financial Statements. In addition, the amounts in the table above are presented based on the dates the amounts are contractually due as of March 31, 2014; however, certain payment obligations may be accelerated depending on the performance of our operating results.

In addition to what is included in the table above, as of March 31, 2014, we had a liability for unrecognized tax benefits and an accrual for the payment of related interest totaling $188 million, of which we are unable to make a reasonably reliable estimate of when cash settlement with a taxing authority will occur.

Subsequent to March 31, 2014, we entered into or amended various licensor and lease agreements with third parties, which contingently commits us to pay an additional approximately $110 million at various dates through fiscal year 2025.

Also, in addition to what is included in the table above as of March 31, 2014, in connection with our KlickNation and Chillingo acquisitions, we may be required to pay an additional $10 million of cash consideration based upon the achievement of certain performance milestones through March 31, 2015. As of March 31, 2014, we have accrued $4 million of contingent consideration on our Consolidated Balance Sheet representing the estimated fair value of the contingent consideration.

Legal Proceedings

We are a defendant in several actions that allege we misappropriated the likenesses of various college athletes in certain of our college-themed sports games.

- We are defending a putative class action lawsuit brought by Ryan Hart, a former college football player, in the United States District Court for the District of New Jersey in June 2009, which alleges that we misappropriated his likeness in our college-themed football game. The complaint seeks actual damages and other unspecified damages, which have not been quantified. In September 2011, the district court granted our motion to dismiss the complaint. On May 21, 2013, the Third Circuit Court of Appeal reversed the district court's decision and remanded the case back to the district court.
- The *In re NCAA Student-Athlete Name & Likeness Licensing* litigation pending in the United States District Court for the Northern District of California involves two groups of common claims brought by several different former collegiate student-athletes in 2009. These various actions were consolidated into one action in February 2010. The first group of claims is a class action against us, the NCAA and the Collegiate Licensing Company (CLC) alleging that our college-themed video games misappropriated the likenesses of collegiate student-athletes without their authorization. This group of claims seeks actual damages, statutory damages and other unspecified damages, which have not been quantified. On July 31, 2013, the Ninth Circuit Court of Appeals affirmed the trial court's denial of our motion to strike the complaint. The second group of claims is a federal antitrust class action against us, the NCAA and the CLC that challenges NCAA/CLC licensing practices and the NCAA By-Laws and regulations. This group of claims seeks unspecified damages, which have not been quantified.

In September 2013, we reached an agreement to settle all actions brought by college athletes. We and counsel for plaintiffs are in the process of preparing a written settlement agreement and other documents to present to the respective courts for approval of the settlement. We recognized a $30 million accrual during the second quarter of fiscal 2014 associated with the anticipated settlement. On November 4, 2013, the NCAA filed a complaint against the Company and CLC in the Superior Court of Fulton County, Georgia. The complaint seeks unspecified damages and alleges that the Company is contractually obligated to defend and indemnify the NCAA against claims asserted in *In re NCAA Student-Athlete Name & Likeness Licensing* concerning the alleged misappropriation of student-athletes' publicity rights in EA's collegiate video games. We have not yet responded to the NCAA's complaint.

On December 17, 2013, a purported shareholder class action lawsuit was filed in the United States District Court for the Northern District of California against the Company and certain of its officers by an individual purporting

to represent a class of purchasers of EA common stock. A second purported shareholder class action lawsuit alleging substantially similar claims was subsequently filed in the same court. These lawsuits have been consolidated into one action. The lawsuits, which assert claims under Section 10(b) and 20(a) of the Securities Exchange Act of 1934, allege, among other things, that the Company and certain of its officers issued materially false and misleading statements regarding the rollout of the Company's *Battlefield 4* game. The lawsuits seek unspecified damages, which have not been quantified. We have not yet responded to the complaints.

We are also subject to claims and litigation arising in the ordinary course of business. We do not believe that any liability from any reasonably foreseeable disposition of such claims and litigation, individually or in the aggregate, would have a material adverse effect on our Consolidated Financial Statements.

(14) PREFERRED STOCK

As of March 31, 2014 and 2013, we had 10,000,000 shares of preferred stock authorized but unissued. The rights, preferences, and restrictions of the preferred stock may be designated by our Board of Directors without further action by our stockholders.

(15) STOCK-BASED COMPENSATION AND EMPLOYEE BENEFIT PLANS

Valuation Assumptions

We estimate the fair value of share-based payment awards on the date of grant. We recognize compensation costs for stock-based payment awards to employees based on the grant-date fair value using a straight-line approach over the service period for which such awards are expected to vest. For awards with only service conditions that has a graded vesting schedule, we recognize compensation costs on a straight-line basis over the requisite service period for the entire award.

We determine the fair value of our share-based payment awards as follows:

- *Restricted Stock Units, Restricted Stock, and Performance-Based Restricted Stock Units*. The fair value of restricted stock units, restricted stock, and performance-based restricted stock units (other than market-based restricted stock units) is determined based on the quoted market price of our common stock on the date of grant. Performance-based restricted stock units include grants made (1) to certain members of executive management primarily granted in fiscal year 2009 and (2) in connection with certain acquisitions.
- *Market-Based Restricted Stock Units*. Market-based restricted stock units consist of grants of performance-based restricted stock units to certain members of executive management that vest contingent upon the achievement of pre-determined market and service conditions (referred to herein as "market-based restricted stock units"). The fair value of our market-based restricted stock units is determined using a Monte-Carlo simulation model. Key assumptions for the Monte-Carlo simulation model are the risk-free interest rate, expected volatility, expected dividends and correlation coefficient.
- *Stock Options and Employee Stock Purchase Plan*. The fair value of stock options and stock purchase rights granted pursuant to our equity incentive plans and our 2000 Employee Stock Purchase Plan ("ESPP"), respectively, is determined using the Black-Scholes valuation model based on the multiple-award valuation method. Key assumptions of the Black-Scholes valuation model are the risk-free interest rate, expected volatility, expected term and expected dividends.

The determination of the fair value of market-based restricted stock units, stock options and ESPP is affected by assumptions regarding subjective and complex variables. Generally, our assumptions are based on historical information and judgment is required to determine if historical trends may be indicators of future outcomes.

The estimated assumptions used in the Black-Scholes valuation model to value our stock option grants and ESPP were as follows:

	Stock Option Grants			ESPP		
	Year Ended March 31,			Year Ended March 31,		
	2014	2013	2012	2014	2013	2012
Risk-free interest rate	1.6%	0.4 - 1.0%	0.4 - 1.8%	0.1%	0.1 - 0.2%	0.1 - 0.2%
Expected volatility	37 - 42%	40 - 46%	40 - 46%	36 - 38%	35 - 42%	39 - 41%
Weighted-average volatility	37%	43%	43%	38%	38%	41%
Expected term	4.5 years	4.4 years	4.4 years	6 - 12 months	6 - 12 months	6 - 12 months
Expected dividends	None	None	None	None	None	None

The estimated assumptions used in the Monte-Carlo simulation model to value our market-based restricted stock units were as follows:

	Year Ended March 31, 2014	Year Ended March 31, 2013	Year Ended March 31, 2012
Risk-free interest rate	0.4%	0.2 - 0.4%	0.2 - 0.6%
Expected volatility	16 - 58%	17 - 116%	14 - 83%
Weighted-average volatility	31%	35%	35%
Expected dividends	None	None	None

Stock-Based Compensation Expense

Employee stock-based compensation expense recognized during the fiscal years ended March 31, 2014, 2013 and 2012 was calculated based on awards ultimately expected to vest and has been reduced for estimated forfeitures. In subsequent periods, if actual forfeitures differ from those estimates, an adjustment to stock-based compensation expense will be recognized at that time.

The following table summarizes stock-based compensation expense resulting from stock options, restricted stock, restricted stock units, performance-based restricted stock units, market-based restricted stock units, and the ESPP included in our Consolidated Statements of Operations (in millions):

	Year Ended March 31,		
	2014	2013	2012
Cost of revenue	$ 2	$ 2	$ 2
Research and development	90	94	103
Marketing and sales	26	30	27
General and administrative	32	38	38
Stock-based compensation expense	$150	$164	$170

During the fiscal years ended March 31, 2014, 2013 and 2012, we did not recognize any benefit from income taxes related to our stock-based compensation expense.

As of March 31, 2014, our total unrecognized compensation cost related to stock options was $9 million and is expected to be recognized over a weighted-average service period of 3.6 years. As of March 31, 2014, our total unrecognized compensation cost related to restricted stock and restricted stock units (collectively referred to as "restricted stock rights") was $220 million and is expected to be recognized over a weighted-average service period of 1.6 years. Of the $220 million of unrecognized compensation cost, $14 million relates to market-based restricted stock units.

For fiscal year ended March 31, 2014, we recognized $13 million of tax benefit from the exercise of stock options; this amount is reported in the financing activities on our Consolidated Statements of Cash Flows. For the fiscal year ended March 31, 2013, we recognized $1 million of tax expense from the exercise of stock options,

net of $1 million of deferred tax write-offs. There was no tax benefit related to stock-based compensation reported in the financing activities on our Consolidated Statements of Cash Flows. For the fiscal year ended March 31, 2012, we recognized $3 million of tax benefit from the exercise of stock options, net of $1 million of deferred tax write-offs; of this amount $4 million of excess tax benefit related to stock-based compensation was reported in the financing activities on our Consolidated Statements of Cash Flows.

Summary of Plans and Plan Activity

Equity Incentive Plans

Our 2000 Equity Incentive Plan (the "Equity Plan") allows us to grant options to purchase our common stock and to grant restricted stock, restricted stock units and stock appreciation rights to our employees, officers and directors. Pursuant to the Equity Plan, incentive stock options may be granted to employees and officers and non-qualified options may be granted to employees, officers and directors, at not less than 100 percent of the fair market value on the date of grant.

Options granted under the Equity Plan generally expire ten years from the date of grant and are generally exercisable as to 24 percent of the shares after 12 months, and then ratably over the following 38 months.

At our Annual Meeting of Stockholders, held on July 31, 2013, our stockholders approved (a) amendments to our 2000 Equity Incentive Plan (the "Equity Plan") to increase the number of shares of common stock authorized under the Equity Plan by 18 million shares, and to increase the limit on the number of shares that may be covered by equity awards to new employees under the Equity Plan from a maximum of 2 million shares in the fiscal year of hire to 4 million shares in the fiscal year of hire, and (b) an amendment to the ESPP to increase the number of shares authorized under the ESPP by 7 million shares. A total of 24.2 million options or 17.0 million restricted stock units were available for grant under our Equity Plan as of March 31, 2014.

Stock Options

The following table summarizes our stock option activity for the fiscal year ended March 31, 2014:

	Options (in thousands)	Weighted-Average Exercise Prices	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in millions)
Outstanding as of March 31, 2013	7,802	$34.17		
Granted	1,013	26.21		
Exercised	(2,445)	18.09		
Forfeited, cancelled or expired	(1,059)	47.31		
Outstanding as of March 31, 2014	5,311	$37.43	4.59	$18
Vested and expected to vest	5,096	$37.92	4.38	$17
Exercisable as of March 31, 2014	4,191	$40.70	3.31	$14

As of March 31, 2014, the weighted-average remaining contractual term for our stock options outstanding was 4.59 years and the aggregate intrinsic value of our stock options outstanding was $18 million. The aggregate intrinsic value represents the total pre-tax intrinsic value based on our closing stock price as of March 31, 2014, which would have been received by the option holders had all the option holders exercised their options as of that date. The weighted-average grant date fair values of stock options granted during fiscal years 2014, 2013, and 2012 were $8.61, $4.64 and $7.27, respectively. The total intrinsic values of stock options exercised during fiscal years 2014 and 2012 were $16 million and $4 million, respectively, and immaterial for fiscal year 2013. The total estimated fair values (determined as of the grant date) of stock options vested during fiscal years 2014, 2013 and 2012 were $2 million, $11 million and $15 million, respectively. We issue new common stock from our authorized shares upon the exercise of stock options.

The following table summarizes outstanding and exercisable stock options as of March 31, 2014:

	Options Outstanding				Options Exercisable		
Range of Exercise Prices	Number of Shares (in thousands)	Weighted-Average Remaining Contractual Term (in years)	Weighted-Average Exercise Prices	Potential Dilution	Number of Shares (in thousands)	Weighted-Average Exercise Prices	Potential Dilution
$11.53-$19.99	911	4.90	$17.40	0.3%	845	$17.69	0.3%
20.00-29.99	1,752	7.76	24.03	0.6%	697	21.16	0.2%
30.00-39.99	8	4.50	36.00	—%	8	36.00	—%
40.00-59.99	2,271	2.63	51.34	0.7%	2,272	51.34	0.7%
60.00-64.92	369	0.83	64.85	0.1%	369	64.85	0.1%
$11.53-$64.92	5,311	4.59	$37.43	1.7%	4,191	$40.70	1.3%

Potential dilution is computed by dividing the options in the related range of exercise prices by 311 million shares of common stock, which were issued and outstanding as of March 31, 2014.

Restricted Stock Rights

We grant restricted stock rights under our Equity Plan to employees worldwide. Restricted stock units entitle holders to receive shares of common stock at the end of a specified period of time. Upon vesting, the equivalent number of common shares is typically issued net of required tax withholdings, if any. Restricted stock is issued and outstanding upon grant; however, restricted stock award holders are restricted from selling the shares until they vest. Upon granting or vesting of restricted stock, as the case may be, we will typically withhold shares to satisfy tax withholding requirements. Restricted stock rights are subject to forfeiture and transfer restrictions. Vesting for restricted stock rights is based on the holders' continued employment with us. If the vesting conditions are not met, unvested restricted stock rights will be forfeited. Generally, our restricted stock rights vest according to one of the following vesting schedules:

- Three-year vesting with ⅓ cliff vesting at the end of each year;
- Three-year vesting with 100% cliff vesting at the end of year three;
- Four-year vesting with ¼ cliff vesting at the end of each year;
- Five-year vesting with 1⁄9, 2⁄9, 3⁄9, 2⁄9 and 1⁄9 of the shares cliff vesting respectively at the end of each of the 1st, 2nd, 3rd, 4th, and 5th years;
- Three-year vesting with ½ cliff vesting after 18 and 36 months;
- 35 month vesting with ⅓ cliff vesting after 11, 23 and 35 months or;
- One-year vesting with 100% cliff vesting at the end of one year.

Each restricted stock right granted reduces the number of shares available for grant by 1.43 shares under our Equity Plan. The following table summarizes our restricted stock rights activity, excluding performance-based restricted stock unit activity which is discussed below, for the fiscal year ended March 31, 2014:

	Restricted Stock Rights (in thousands)	Weighted-Average Grant Date Fair Values
Balance as of March 31, 2013	15,918	$16.85
Granted	7,364	23.01
Vested	(6,893)	17.37
Forfeited or cancelled	(2,853)	17.99
Balance as of March 31, 2014	13,536	$19.70

The grant date fair value of restricted stock rights is based on the quoted market price of our common stock on the date of grant. The weighted-average grant date fair values of restricted stock rights granted during fiscal years 2014, 2013, and 2012 were $23.01, $12.85 and $21.38, respectively. The total grant date fair values of restricted stock rights that vested during fiscal years 2014, 2013, and 2012 were $120 million, $143 million and $165 million, respectively.

Performance-Based Restricted Stock Units

Our performance-based restricted stock units vest contingent upon the achievement of pre-determined performance-based milestones. If these performance-based milestones are not met, the restricted stock units will not vest, in which case, any compensation expense we have recognized to date will be reversed.

The following table summarizes our performance-based restricted stock unit activity for the fiscal year ended March 31, 2014:

	Performance-Based Restricted Stock Units (in thousands)	Weighted-Average Grant Date Fair Values
Balance as of March 31, 2013	1,324	$51.54
Vested	(36)	15.39
Forfeited or cancelled	(1,234)	48.32
Balance as of March 31, 2014	54	$15.39

The grant date fair value of performance-based restricted stock units is based on the quoted market price of our common stock on the date of grant. There were no performance-based restricted stock units granted during fiscal years 2014, 2013, and 2012. The total grant date fair values of performance-based restricted stock units that vested during fiscal years 2014 and 2013 was less than $1 million. No performance-based restricted stock units vested during fiscal year 2012.

Market-Based Restricted Stock Units

Our market-based restricted stock units vest contingent upon the achievement of pre-determined market and service conditions. If these market conditions are not met but service conditions are met, the restricted stock units will not vest; however, any compensation expense we have recognized to date will not be reversed. The number of shares of common stock to be received at vesting will range from zero percent to 200 percent of the target number of stock units based on our total stockholder return ("TSR") relative to the performance of companies in the NASDAQ-100 Index for each measurement period, generally over a three year period. We present shares granted at 100 percent of target of the number of stock units that may potentially vest. The maximum number of common shares that could vest is approximately 1.1 million for market-based restricted stock units granted in the fiscal year 2014. As of March 31, 2014, the maximum number of shares that could vest is approximately 2.0 million for market-based restricted stock units outstanding.

The following table summarizes our market-based restricted stock unit activity for the year ended March 31, 2014:

	Market-Based Restricted Stock Units (in thousands)	Weighted-Average Grant Date Fair Value
Balance as of March 31, 2013	925	$19.16
Granted	555	29.52
Vested	(304)	16.01
Vested above target	24	10.45
Forfeited or cancelled	(222)	23.47
Balance as of March 31, 2014	978	$24.83

The weighted-average grant date fair values of market-based restricted stock units granted during fiscal years 2014, 2013, and 2012 were $29.52, $12.41, and $33.70 respectively. The total grant date fair value of market-based restricted stock units that vested during fiscal years 2014 and 2013 were $4.9 million and $3.7 million, respectively. No market-based restricted stock units vested during fiscal year 2012.

ESPP

Pursuant to our ESPP, eligible employees may authorize payroll deductions of between 2 percent and 10 percent of their compensation to purchase shares at 85 percent of the lower of the market price of our common stock on the date of commencement of the offering or on the last day of each six-month purchase period.

During fiscal year 2014, we issued approximately 2 million shares under the ESPP with exercise prices for purchase rights ranging from $11.33 to $22.64. During fiscal years 2014, 2013, and 2012, the estimated weighted-average fair values of purchase rights were $4.67, $4.83 and $4.98, respectively.

We issue new common stock out of the ESPP's pool of authorized shares. The fair values above were estimated on the date of grant using the Black-Scholes option-pricing model assumptions.

Deferred Compensation Plan

We have a Deferred Compensation Plan ("DCP") for the benefit of a select group of management or highly compensated employees and Directors, which is unfunded and intended to be a plan that is not qualified within the meaning section 401(a) of the Internal Revenue Code. The DCP permits the deferral of the annual base salary and/or Director fees up to a maximum amount. The deferrals are held in a separate trust, which has been established by us to administer the DCP. The trust is a grantor trust and the specific terms of the trust agreement provide that the assets of the trust are available to satisfy the claims of general creditors in the event of our insolvency. The assets held by the trust are classified as trading securities and are held at fair value on our Consolidated Balance Sheets. The assets and liabilities of the DCP are presented in other assets and other liabilities on our Consolidated Balance Sheets, respectively, with changes in the fair value of the assets and in the deferred compensation liability recognized as compensation expense. The estimated fair value of the assets was $9 million and $11 million as of March 31, 2014 and 2013, respectively. As of March 31, 2014 and 2013, $9 million and $12 million were recorded respectively to recognize undistributed deferred compensation due to employees.

401(k) Plan and Registered Retirement Savings Plan

We have a 401(k) plan covering substantially all of our U.S. employees, and a Registered Retirement Savings Plan covering substantially all of our Canadian employees. These plans permit us to make discretionary contributions to employees' accounts based on our financial performance. We contributed an aggregate of $9 million, $14 million and $13 million to these plans in fiscal years 2014, 2013, and 2012, respectively.

Stock Repurchase Program

In February 2011, our Board of Directors authorized a program to repurchase up to $600 million of our common stock over the following 18 months. We completed that program in April 2012. We repurchased approximately 32 million shares in the open market under this program, including pursuant to pre-arranged stock trading plans.

In July 2012, our Board of Directors authorized a program to repurchase up to $500 million of our common stock. We repurchased approximately 22 million shares in the open market under this program, including pursuant to pre-arranged stock trading plans.

The following table summarizes total shares repurchased and retired during fiscal years 2013 and 2012:

(In millions)	February 2011 Program		July 2012 Program		Total	
	Shares	Amount	Shares	Amount	Shares	Amount
Fiscal Year 2012	25	$471	—	$ —	25	$471
Fiscal Year 2013	4	$ 71	22	$278	26	$349

During fiscal year 2014, we did not repurchase any shares of our common stock.

In May 2014, a special committee of our Board of Directors, on behalf of the full Board of Directors, authorized a new program to repurchase up to $750 million of our common stock. This new stock repurchase program, which expires on May 31, 2016, supersedes and replaces the stock repurchase authorization approved by our Board of Directors in July 2012. Under this program, we may purchase stock in the open market or through privately-negotiated transactions in accordance with applicable securities laws, including pursuant to pre-arranged stock trading plans. The timing and actual amount of the stock repurchases will depend on several factors including price, capital availability, regulatory requirements, alternative investment opportunities and other market conditions. We are not obligated to repurchase any specific number of shares under this program and it may be modified, suspended or discontinued at any time.

(16) INTEREST AND OTHER INCOME (EXPENSE), NET

Interest and other income (expense), net, for the fiscal years ended March 31, 2014, 2013 and 2012 consisted of (in millions):

	Year Ended March 31,		
	2014	2013	2012
Interest expense	$(30)	$(29)	$(20)
Interest income	5	6	9
Net gain (loss) on foreign currency transactions	4	2	(29)
Net gain (loss) on foreign currency forward contracts	(5)	(2)	21
Other income, net	—	2	2
Interest and other income (expense), net	$(26)	$(21)	$(17)

(17) NET INCOME PER SHARE

The following table summarizes the computations of basic earnings per share ("Basic EPS") and diluted earnings per share ("Diluted EPS"). Basic EPS is computed as net income divided by the weighted-average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur from common shares issuable through stock-based compensation plans including stock options, restricted stock, restricted stock units, common stock through our ESPP, warrants, and other convertible securities using the treasury stock method.

(In millions, except per share amounts)	Year Ended March 31,		
	2014	2013	2012
Net income	$ 8	$ 98	$ 76
Shares used to compute net income per share:			
Weighted-average common stock outstanding — basic	308	310	331
Dilutive potential common shares	8	3	5
Weighted-average common stock outstanding — diluted	316	313	336
Net income per share:			
Basic	$0.03	$0.32	$0.23
Diluted	$0.03	$0.31	$0.23

For the fiscal years ended March 31, 2014, 2013 and 2012, options to purchase, restricted stock units and restricted stock to be released in the amount of $4 million shares, $15 million shares and $10 million shares of common stock, respectively, were excluded from the treasury stock method computation of diluted shares as their inclusion would have had an antidilutive effect.

Potentially dilutive shares of common stock related to our 0.75% Convertible Senior Notes due 2016 issued during the fiscal year ended March 31, 2012, which have a conversion price of $31.74 per share and the associated Warrants, which have a conversion price of $41.14 per share, were excluded from the computation of Diluted EPS for the fiscal years ended March 31, 2014, 2013 and 2012 as their inclusion would have had an antidilutive effect resulting from the conversion price. The associated Convertible Note Hedge was excluded from the calculation of diluted shares as the impact is always considered antidilutive since the call option would be exercised by us when the exercise price is lower than the market price. See Note 12 for additional information related to our 0.75% Convertible Senior Notes due 2016 and related Convertible Note Hedge and Warrants.

(18) SEGMENT INFORMATION

Our reporting segment is based upon: our internal organizational structure; the manner in which our operations are managed; the criteria used by our Chief Executive Officer, our Chief Operating Decision Maker ("CODM"), to evaluate segment performance; the availability of separate financial information; and overall materiality considerations.

Prior to the third quarter of fiscal 2014, our "EA Labels" operating segment was comprised of our five labels: EA Games, EA SPORTS, Maxis, PopCap and All Play. Our CODM regularly reviewed the aggregated results of the five labels to assess overall performance and allocate resources.

In September 2013, we announced the appointment of a new Chief Executive Officer. Our new Chief Executive Officer subsequently made a number of changes to our internal organizational structure and the manner in which our operations are managed. In addition, we redefined our definition of segment profit for management reporting. Our CODM currently reviews total company operating results to assess overall performance and allocate resources.

The following table summarizes the financial performance of our current segment operating profit and a reconciliation to our consolidated operating income for the fiscal years ended March 31, 2014, 2013 and 2012. Our current segment operating profit differs from the prior "EA Labels" segment profit primarily due to the inclusion of (1) our Switzerland distribution revenues and expenses and (2) certain corporate and other functional costs such as our Global Publishing and Marketing organization expenses, which were previously not allocated to the EA Labels. Prior periods below have been restated to reflect our current reporting segment structure (in millions):

	Year Ended March 31,		
	2014	2013	2012
Segment:			
Net revenue before revenue deferral	$ 4,021	$ 3,793	$ 4,186
Depreciation	(126)	(118)	(102)
Other expenses	(3,178)	(3,308)	(3,687)
Segment operating profit	717	367	397
Reconciliation to consolidated operating income:			
Other:			
Revenue deferral	(3,350)	(3,022)	(3,142)
Recognition of revenue deferral	2,904	3,026	3,099
Amortization of intangibles	(76)	(123)	(95)
Acquisition-related contingent consideration	35	64	(11)
Restructuring and other charges	1	(27)	(16)
Stock-based compensation	(150)	(164)	(170)
Other expenses	(48)	—	(27)
Consolidated operating income	$ 33	$ 121	$ 35

Our segment profit differs from consolidated operating income primarily due to the exclusion of (1) the deferral of certain net revenue related to online-enabled games (see Note 10 for additional information regarding deferred net revenue (online-enabled games)), (2) certain non-cash costs such as stock-based compensation, (3) acquisition-related expenses such as amortization of intangibles and acquisition-related contingent consideration, and (4) other significant non-recurring costs that may not be indicative of the company's core business, operating results or future outlook. Our CODM reviews assets on a consolidated basis and not on a segment basis.

Information about our total net revenue by revenue composition for the fiscal years ended March 31, 2014, 2013 and 2012 is presented below (in millions):

	Year Ended March 31,		
	2014	2013	2012
Packaged goods and other	$1,663	$2,255	$2,761
Digital	1,833	1,440	1,159
Distribution	79	102	223
Net revenue	$3,575	$3,797	$4,143

Information about our operations in North America and internationally as of and for the fiscal years ended March 31, 2014, 2013 and 2012 is presented below (in millions):

	Year Ended March 31,		
	2014	2013	2012
Net revenue from unaffiliated customers			
North America	$1,510	$1,701	$1,991
International	2,065	2,096	2,152
Total	$3,575	$3,797	$4,143

	As of March 31,	
	2014	2013
Long-lived assets		
North America	$1,940	$2,024
International	470	498
Total	$2,410	$2,522

We attribute net revenue from external customers to individual countries based on the location of the legal entity that sells the products and/or services. Note that revenue attributed to the legal entity that makes the sale is often not the country where the consumer resides. For example, revenue generated by our Swiss legal entities includes digital revenue from consumers who reside outside of Switzerland, including consumers who reside outside of Europe. Revenue generated by our Swiss legal entities during fiscal years 2014, 2013, and 2012 represents $1,171 million, $885 million and $589 million or 33 percent, 23 percent and 14 percent of our total net revenue, respectively. Revenue generated in the United States represents over 99 percent of our total North America net revenue. There were no other countries with net revenue greater than 10 percent.

Our direct sales to GameStop Corp. represented approximately 13 percent, 13 percent, and 15 percent of total net revenue in fiscal years 2014, 2013, and 2012, respectively.

(19) QUARTERLY FINANCIAL AND MARKET INFORMATION (UNAUDITED)

(In millions, except per share data)	Quarter Ended				Year Ended
	June 30	September 30	December 31	March 31	
Fiscal 2014 Consolidated					
Net revenue	$ 949	$ 695	$ 808	$1,123	$3,575
Gross profit	755	282	291	900	2,228
Operating income (loss)	233	(252)	(292)	344	33
Net income (loss)	222[a]	(273)[b]	(308)[c]	367[d]	8
Common Stock					
Net income (loss) per share — Basic	$ 0.73	$ (0.89)	$ (1.00)	$ 1.18	$ 0.03
Net income (loss) per share — Diluted	$ 0.71	$ (0.89)	$ (1.00)	$ 1.15	$ 0.03
Common stock price per share					
High	$23.61	$27.99	$26.44	$30.25	$30.25
Low	$16.91	$23.18	$20.97	$21.54	$16.91
Fiscal 2013 Consolidated					
Net revenue	$ 955	$ 711	$ 922	$1,209	$3,797
Gross profit	750	266	493	900	2,409
Operating income (loss)	215	(364)	(39)	309	121
Net income (loss)	201[e]	(381)[f]	(45)[g]	323[h]	98
Common Stock					
Net income (loss) per share — Basic	$ 0.63	$ (1.21)	$ (0.15)	$ 1.07	$ 0.32
Net income (loss) per share — Diluted	$ 0.63	$ (1.21)	$ (0.15)	$ 1.05	$ 0.31
Common stock price per share					
High	$16.71	$14.50	$15.42	$19.34	$19.34
Low	$11.89	$10.94	$11.91	$13.70	$10.94

(a) Net income includes restructuring charges of $1 million and $7 million of acquisition-related contingent consideration, both of which are pre-tax amounts.

(b) Net loss includes restructuring charges of $(2) million and $(44) million of acquisition-related contingent consideration, both of which are pre-tax amounts.

(c) Net loss includes pre-tax restructuring charges of $(1) million.

(d) Net income includes restructuring charges of $1 million and $2 million of acquisition-related contingent consideration, both of which are pre-tax amounts.

(e) Net income includes restructuring charges of $27 million and $(20) million of acquisition-related contingent consideration, both of which are pre-tax amounts.

(f) Net loss includes pre-tax restructuring charges of $(2) million.

(g) Net loss includes $(45) million of acquisition-related contingent consideration, $(14) million gain on strategic investments, net, $6 million of impairment charges on acquisition-related intangible assets, and restructuring charges of $2 million, all of which are pre-tax amounts.

(h) Net income includes $31 million of impairment charges on acquisition-related intangible assets, $(25) million of gain on strategic investments, net, and $1 million of acquisition-related contingent consideration, both of which are pre-tax amounts.

Our common stock is traded on the NASDAQ Global Select Market under the symbol "EA". The prices for the common stock in the table above represent the high and low closing sales prices as reported on the NASDAQ Global Select Market.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Electronic Arts Inc.:

We have audited the accompanying consolidated balance sheets of Electronic Arts Inc. and subsidiaries (the Company) as of March 29, 2014 and March 30, 2013, and the related consolidated statements of operations, comprehensive income (loss), stockholders' equity, and cash flows for each of the years in the three-year period ended March 29, 2014. In connection with our audits of the consolidated financial statements, we have also audited the accompanying financial statement schedule. These consolidated financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Electronic Arts Inc. and subsidiaries as of March 29, 2014 and March 30, 2013, and the results of their operations and their cash flows for each of the years in the three-year period ended March 29, 2014, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Electronic Arts Inc.'s internal control over financial reporting as of March 29, 2014, based on criteria established in *Internal Control—Integrated Framework (1992),* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated May 21, 2014 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ KPMG LLP

Santa Clara, California
May 21, 2014

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Electronic Arts Inc.:

We have audited Electronic Arts Inc.'s (the Company) internal control over financial reporting as of March 29, 2014, based on criteria established in *Internal Control—Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Electronic Arts Inc. maintained, in all material respects, effective internal control over financial reporting as of March 29, 2014, based on criteria established in *Internal Control—Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Electronic Arts Inc. and subsidiaries as of March 29, 2014 and March 30, 2013, and the related consolidated statements of operations, comprehensive income (loss), stockholders' equity, and cash flows for each of the years in the three-year period ended March 29, 2014. In connection with our audits of the consolidated financial statements, we have also audited the accompanying financial statement schedule. Our report dated May 21, 2014 expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP

Santa Clara, California
May 21, 2014

Item 9: ***Changes in and Disagreements with Accountants on Accounting and Financial Disclosure***

Not applicable.

Item 9A: ***Controls and Procedures***

Definition and Limitations of Disclosure Controls

Our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed under the Exchange Act, such as this report, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures are also designed to ensure that such information is accumulated and communicated to our management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. Our management evaluates these controls and procedures on an ongoing basis.

There are inherent limitations to the effectiveness of any system of disclosure controls and procedures. These limitations include the possibility of human error, the circumvention or overriding of the controls and procedures and reasonable resource constraints. In addition, because we have designed our system of controls based on certain assumptions, which we believe are reasonable, about the likelihood of future events, our system of controls may not achieve its desired purpose under all possible future conditions. Accordingly, our disclosure controls and procedures provide reasonable assurance, but not absolute assurance, of achieving their objectives.

Evaluation of Disclosure Controls and Procedures

Our Chief Executive Officer and our Chief Financial Officer, after evaluating the effectiveness of our disclosure controls and procedures, believe that as of the end of the period covered by this report, our disclosure controls and procedures were effective in providing the requisite reasonable assurance that material information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding the required disclosure.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act.

Our internal control over financial reporting is designed to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with generally accepted accounting principles. There are inherent limitations to the effectiveness of any system of internal control over financial reporting. These limitations include the possibility of human error, the circumvention or overriding of the system and reasonable resource constraints. Because of its inherent limitations, our internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risks that controls may become inadequate because of changes in conditions, or that the degree of compliance with our policies or procedures may deteriorate.

Our management assessed the effectiveness of our internal control over financial reporting as of the end of our most recently completed fiscal year. In making its assessment, management used the criteria set forth in *Internal Control-Integrated Framework,* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, our management believes that, as of the end of our most recently completed fiscal year, our internal control over financial reporting was effective.

KPMG LLP, our independent registered public accounting firm, has issued an auditors' report on the effectiveness of our internal control over financial reporting. That report appears on page 107.

Changes in Internal Control over Financial Reporting

There has been no change in our internal control over financial reporting identified in connection with our evaluation that occurred during the fiscal year ended March 31, 2014 that has materially affected or is reasonably likely to materially affect our internal control over financial reporting.

Item 9B: *Other Information*

None.

PART III

Item 10: ***Directors, Executive Officers and Corporate Governance***

The information required by Item 10, other than the information regarding executive officers, which is included in Item 1 of this report, is incorporated herein by reference to the information to be included in our Proxy Statement for our 2014 Annual Meeting of Stockholders (the "Proxy Statement") under the headings "Proposal 1: Election of Directors," "Global Code of Conduct," and "Report of the Audit Committee of the Board of Directors." The information regarding Section 16 compliance is incorporated herein by reference to the information to be included in the Proxy Statement under the heading "Section 16(a) Beneficial Ownership Reporting Compliance."

Item 11: ***Executive Compensation***

The information required by Item 11 is incorporated herein by reference to the information to be included in the Proxy Statement, under the headings "Director Compensation and Stock Ownership Guidelines," "Executive Compensation," "Compensation Committee Report on Executive Compensation" and "Compensation Committee Interlocks and Insider Participation."

Item 12: ***Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters***

The information required by Item 12 is incorporated herein by reference to the information to be included in the Proxy Statement under the headings "Equity Compensation Plan Information" and "Principal Stockholders."

Item 13: ***Certain Relationships and Related Transactions, and Director Independence***

The information required by Item 13 is incorporated herein by reference to the information to be included in the Proxy Statement under the headings "Director Independence," "Board of Directors, Board Meetings and Committees" and "Certain Relationships and Related Person Transactions."

Item 14: ***Principal Accounting Fees and Services***

The information required by Item 14 is incorporated herein by reference to the information to be included in the Proxy Statement under the heading "Proposal 3: Ratification of the Appointment of KPMG LLP, Independent Registered Public Accounting Firm."

PART IV

Item 15: ***Exhibits, Financial Statement Schedules***

(a) Documents filed as part of this report

1. Financial Statements: See Index to Consolidated Financial Statements under Item 8 on Page 60 of this report.

2. Financial Statement Schedule: See Schedule II on Page 112 of this report.

3. Exhibits: The exhibits listed in the accompanying index to exhibits on Page 113 are filed or incorporated by reference as part of this report.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ELECTRONIC ARTS INC.

By: /s/ Andrew Wilson

Andrew Wilson
Chief Executive Officer
Date: May 21, 2014

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated and on the 21st of May 2014.

Name	Title
/s/ Andrew Wilson Andrew Wilson	Chief Executive Officer
/s/ Blake Jorgensen Blake Jorgensen	Executive Vice President, Chief Financial Officer
/s/ Kenneth A. Barker Kenneth A. Barker	Senior Vice President, Chief Accounting Officer (Principle Accounting Officer)
Directors:	
/s/ Lawrence F. Probst III Lawrence F. Probst III	Executive Chairman
/s/ Jay C. Hoag Jay C. Hoag	Director
/s/ Jeffrey T. Huber Jeffrey T. Huber	Director
/s/ Vivek Paul Vivek Paul	Director
/s/ Richard A. Simonson Richard A. Simonson	Director
/s/ Luis A. Ubiñas Luis A. Ubiñas	Director
/s/ Andrew Wilson Andrew Wilson	Director

ELECTRONIC ARTS INC. AND SUBSIDIARIES

SCHEDULE II

VALUATION AND QUALIFYING ACCOUNTS

Years Ended March 31, 2014, 2013 and 2012
(In millions)

Allowance for Doubtful Accounts, Price Protection and Returns	Balance at Beginning of Period	Charged to Revenue, Costs and Expenses	Charged (Credited) to Other Accounts[a]	Deductions[b]	Balance at End of Period
Year Ended March 31, 2014	200	355	3	(372)	186
Year Ended March 31, 2013	252	371	(4)	(419)	200
Year Ended March 31, 2012	304	463	(13)	(502)	252

(a) Primarily other reclassification adjustments and the translation effect of using the average exchange rate for expense items and the year-end exchange rate for the balance sheet item (allowance account).

(b) Primarily the utilization of returns allowance and price protection reserves.

ELECTRONIC ARTS INC.

2014 FORM 10-K ANNUAL REPORT

EXHIBIT INDEX

Number	Exhibit Title	Incorporated by Reference			Filed Herewith
		Form	File No.	Filing Date	
3.01	Amended and Restated Certificate of Incorporation	10-Q	000-17948	11/3/2004	
3.02	Amended and Restated Bylaws	8-K	000-17948	8/1/2013	
4.01	Specimen Certificate of Registrant's Common Stock	10-K	000-17948	5/22/2009	
4.02	Indenture (including form of Notes) with respect to EA's 0.75% Convertible Senior Notes due 2016 dated as of July 20, 2011 by and between EA and U.S. Bank National Association	8-K	000-17948	7/20/2011	
10.01*	Form of Indemnity Agreement with Directors	10-K	000-17948	6/4/2004	
10.02*	Electronic Arts Inc. Executive Bonus Plan	8-K	000-17948	7/27/2012	
10.03*	Electronic Arts Deferred Compensation Plan	10-Q	000-17948	8/6/2007	
10.04*	Electronic Arts Key Employee Continuity Plan	10-Q	000-17948	2/5/2013	
10.05*	First Amendment to the Electronic Arts Deferred Compensation Plan, as amended and restated	10-K	000-17948	5/22/2009	
10.06*	EA Bonus Plan	10-Q	000-17948	11/8/2010	
10.07*	Form of 2012 Performance-Based Restricted Stock Unit Agreement	8-K	000-17948	5/18/2012	
10.08*	Form of 2013 Performance-Based Restricted Stock Unit Agreement	8-K	000-17948	5/16/2013	
10.09*	Form of 2014 Performance-Based Restricted Stock Unit Agreement				X
10.10*	EA Bonus Plan Fiscal Year 2014 Addendum	8-K	000-17948	5/16/2013	
10.11*	2000 Equity Incentive Plan, as amended, and related documents	8-K	000-17948	8/1/2013	
10.12*	2000 Employee Stock Purchase Plan, as amended	8-K	000-17948	8/1/2013	
10.13*	Offer Letter for Employment at Electronic Arts Inc. to Andrew Wilson, dated September 15, 2013	8-K	000-17948	9/17/2013	
10.14*	Offer Letter for Employment at Electronic Arts Inc. to Blake Jorgensen, dated July 25, 2012	8-K	000-17948	7/31/2012	
10.15*	Employment Agreement for Patrick Söderlund, dated September 17, 2013	10-Q	000-17948	11/5/2013	
10.16*	Separation Agreement dated as of March 25, 2013 between Electronic Arts Inc. and John Riccitiello	10-K	000-17948	5/22/2013	
10.17	Lease agreement between ASP WT, L.L.C. and Tiburon Entertainment, Inc. for space at Summit Park I, dated June 15, 2004	10-Q	000-17948	8/3/2004	
10.18	First amendment to lease, dated December 13, 2005, by and between Liberty Property Limited Partnership, a Pennsylvania limited partnership and Electronic Arts—Tiburon, a Florida corporation f/k/a Tiburon Entertainment, Inc.	10-Q	000-17948	2/8/2006	

Number	Exhibit Title	Incorporated by Reference Form	File No.	Filing Date	Filed Herewith
10.19	Second Amendment to Lease, dated May 8, 2009, by and between Liberty Property Limited Partnership, a Pennsylvania limited partnership and Electronic Arts—Tiburon, a Florida corporation f/k/a Tiburon Entertainment, Inc.	10-Q	000-17948	8/10/2009	
10.20	Third amendment to lease, dated December 24, 2009, by and between Liberty Property Limited Partnership, a Pennsylvania limited partnership and Electronic Arts—Tiburon, a Florida corporation f/k/a Tiburon Entertainment, Inc.	10-Q	000-17948	2/9/2010	
10.21	Fourth Amendment to lease, dated May 16, 2014, by and between Liberty Property Limited Partnership, a Pennsylvania limited partnership and Electronic Arts—Tiburon, a Florida corporation f/k/a Tiburon Entertainment, Inc.				X
10.22**	First Amended North American Territory Rider to the Global PlayStation® 3 Format Licensed Publisher Agreement, dated September 11, 2008, by and between the Electronic Arts Inc. and Sony Computer Entertainment America Inc.	10-Q	000-17948	11/10/2009	
10.23**	Sony Computer Entertainment Europe Limited Regional Rider to the Global PlayStation® 3 Format Licensed Publisher Agreement, dated December 17, 2008, by and between EA International (Studio and Publishing) Limited and Sony Computer Entertainment Europe Limited	10-Q	000-17948	11/10/2009	
10.24**	Global PlayStation® 3 Format Licensed Publisher Agreement, dated September 11, 2008, by and between the Electronic Arts Inc. and Sony Computer Entertainment America Inc.	10-Q/A	000-17948	4/30/2010	
10.25**	Global PlayStation® 3 Format Licensed Publisher Agreement, dated December 17, 2008, by and between EA International (Studio and Publishing) Limited and Sony Computer Entertainment Europe Limited	10-Q/A	000-17948	4/30/2010	
10.26**	Xbox2 Publisher License Agreement, dated May 15, 2005, by and among Electronic Arts Inc., Electronic Arts C.V. and Microsoft Licensing, GP	10-Q/A	000-17948	4/30/2010	
10.27***	Durango Publisher License Agreement, dated June 29, 2012, by and among Electronic Arts Inc., EA International (Studio & Publishing) Ltd., Microsoft Licensing, GP and Microsoft Corporation				X
10.28	Form of Call Option Agreement dated as of July 14, 2011 between EA and each Option Counterparty	8-K	000-17948	7/20/2011	
10.29	Form of Warrant Agreement dated July 14, 2011 between EA and each Option Counterparty	8-K	000-17948	7/20/2011	
10.30	Form of Additional Call Option Agreement dated July 18, 2011 between EA and each Option Counterparty	8-K	000-17948	7/20/2011	

Number	Exhibit Title	Incorporated by Reference			Filed Herewith
		Form	File No.	Filing Date	
10.31	Form of Additional Warrant Agreement dated July 18, 2011 between EA and each Option Counterparty	8-K	000-17948	7/20/2011	
10.32	Credit Agreement, dated August 30, 2012, by and among Electronic Arts Inc., the lenders from time to time party thereto, and JPMorgan Chase Bank, N.A., as Administrative Agent.	8-K	000-17948	8/30/2012	
21.01	Subsidiaries of the Registrant				X
23.01	Consent of KPMG LLP, Independent Registered Public Accounting Firm				X
31.01	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				X
31.02	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				X
Additional exhibits furnished with this report:					
32.01	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				X
32.02	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				X
101.INS†	XBRL Instance Document				X
101.SCH†	XBRL Taxonomy Extension Schema Document				X
101.CAL†	XBRL Taxonomy Extension Calculation Linkbase Document				X
101.DEF†	XBRL Taxonomy Extension Definition Linkbase Document				X
101.LAB†	XBRL Taxonomy Extension Label Linkbase Document				X
101.PRE†	XBRL Taxonomy Extension Presentation Linkbase Document				X

* Management contract or compensatory plan or arrangement.

** Confidential portions of these documents have been omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment that was granted in accordance with Exchange Act Rule 24b-2.

*** Confidential portions of this document have been omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

† Attached as Exhibit 101 to this Annual Report on Form 10-K for the year ended March 31, 2014 are the following formatted in eXtensible Business Reporting Language ("XBRL"): (1) Consolidated Balance Sheets, (2) Consolidated Statements of Operations, (3) Consolidated Statements of Comprehensive Income (Loss), (4) Consolidated Statements of Stockholders' Equity, (5) Consolidated Statements of Cash Flows, and (6) Notes to Consolidated Financial Statements.

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