

ELECTRONIC ARTS INC.

FORM 8-K (Current report filing)

Filed 07/11/17 for the Period Ending 07/10/17

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CIK	0000712515
Symbol	EA
SIC Code	7372 - Prepackaged Software
Industry	Software
Sector	Technology
Fiscal Year	03/31

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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934

Date of report (Date of earliest event reported) July 10, 2017

ELECTRONIC ARTS INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction of Incorporation)

0-17948
(Commission File Number)

94-2838567
(IRS Employer Identification No.)

209 Redwood Shores Parkway, Redwood City, California 94065-1175
(Address of Principal Executive Offices) (Zip Code)

(650) 628-1500
(Registrant's Telephone Number, Including Area Code)

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933(17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Adoption of EA Bonus Plan Addendum

Pursuant to the EA Bonus Plan, the Bonus Formula Addendum for the fiscal year ending March 31, 2018 (the “Fiscal Year 2018 Addendum”) was approved by the Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of Electronic Arts Inc. (“EA” or the “Company”) on May 17, 2017 for all eligible employees of EA and its subsidiaries, other than the Chief Executive Officer (“CEO”) Andrew Wilson, and by the Board for the CEO on July 10, 2017. The terms of the Fiscal Year 2018 Addendum are substantially similar to the terms of the Bonus Formula Addendum for EA’s fiscal year ended March 31, 2017, which was filed on Form 8-K on June 28, 2016, except that the Fiscal Year 2018 Addendum contains a provision that the CEO’s bonus award payout may not exceed the lesser of 300% of his target bonus or \$5 million. Although the Company generally expects to pay bonuses to our named executive officers pursuant to the terms of the Electronic Arts Inc. Executive Bonus Plan (the “Executive Bonus Plan”), the Committee and the Board uses the criteria described in the Fiscal Year 2018 Addendum as a guideline to determine the final amount of the bonus awards paid to the named executive officers under the Executive Bonus Plan or to award discretionary bonus payments to the named executive officers in accordance with the terms of the EA Bonus Plan.

A copy of the Fiscal Year 2018 Addendum is filed as Exhibit 10.1 hereto and is incorporated by reference herein.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

<i>Exhibit No.</i>	<i>Description</i>
10.1	EA Bonus Plan Fiscal Year 2018 Addendum*

*Management contract or compensatory plan or arrangement.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ELECTRONIC ARTS INC.

Dated: July 11, 2017

By: /s/ Jacob J. Schatz

Jacob J. Schatz

Senior Vice President, General Counsel and
Corporate Secretary

INDEX TO EXHIBITS

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*Management contract or compensatory plan or arrangement.

**EA Bonus Plan
Addendum**

FY18 Bonus Formula

Subject to all other terms and conditions of the EA Bonus Plan (“Plan”)*, those Plan Participants who have been specifically identified by Electronic Arts Inc. (the “Company”) as eligible to receive a discretionary bonus pursuant to the terms of this Addendum shall have such bonus determined as follows:

1. Additional Eligibility Criteria, If Any :

n/a (see Plan eligibility criteria)

2. Fiscal Year 2018 Bonus Pool

Funding for a Company-wide bonus pool (“Bonus Pool”) for Fiscal Year 2018 will be approved by the Compensation Committee of the Company’s Board of Directors (the “Committee”).

Bonus Component(s)	Weight	Performance Measure(s)	Measurement Period(s)
Company Financial Performance	20%	Non-GAAP Earnings Per Share and Non-GAAP Net Revenue	Fiscal Year 2018
Business Performance	80%	The achievement of measurable business objectives, including, but not limited to business and operational performance metrics, profit and revenue targets	Fiscal Year 2018

The Company Performance component is funded based on the Company’s performance against Non-GAAP Earnings Per Share and Non-GAAP Revenue targets for the Measurement Period.

The Business Performance component is funded by the Committee upon consideration of measurable business objectives, including, but not limited to, business and operational performance metrics, profit and revenue targets.

a. Allocation of Bonus Pool Funding To Business Units :

Following the completion of the Measurement Period, Company management will allocate, at its discretion, a percentage of the Bonus Pool funding to each business unit. Such allocation will be based upon the achievement of measurable business unit objectives or such other factors as Company management deems relevant to the business unit’s performance.

Subject to local laws, rules and regulations, Company management may also allocate, at its discretion, a percentage of any approved Bonus Pool funding to business units for the payment of bonus awards to selected Participants at any time prior to the end of the Measurement Period (“Mid-Year Bonus Awards”).

b. Individual Bonus Award Payouts :

Annual Bonus Award payouts: in most circumstances, Annual Bonus Award payouts will be determined based upon an assessment of:

- (1) The Participant’s target bonus amount;
- (2) The percentage of the Bonus Pool allocated to a Participant’s business unit; and
- (3) The Participant’s Individual Performance, as determined by the Participant’s manager.

The Individual Performance assessment takes into account the Participant's contributions to the Company for the fiscal year relative to individual performance expectations.

Mid-Year Bonus Award payouts : Subject to local laws, rules and regulations, some Participants may receive a Mid-Year Bonus Award payout. Mid-Year Bonus Awards may be either: (1) in addition to; or (2) in place of, all or part of a Participant's Annual Bonus Award. The actual earning and payout of a Mid-Year Bonus Award is discretionary and may be based on factors such as the achievement of short-term performance goals, outstanding individual accomplishments or such other terms and conditions as may be determined at the discretion of Management and/or the Committee.

Where applicable, the Committee will approve individual Participant bonus award payouts.

3. **Bonus Award for the CEO**

Bonus Component(s)	Weight	Performance Measure(s)	Measurement Period(s)
Financial Performance	60%	Non-GAAP Net Revenue, Gross Profit, Plan Operating Expenses, Non-GAAP Earnings Per Share, Operating Cash Flow	Fiscal Year 2018
Strategic & Operational Performance	40%	The achievement of measurable business objectives, including strategic and operational performance metrics	Fiscal Year 2018

Bonus Award payout: A Bonus Award payout for the CEO will be determined based upon an overall assessment of the following:

- (1) The CEO's target bonus amount;
- (2) Attainment and weighting of Financial, Strategic and Operational Performance objectives for the Measurement Period; and
- (3) The Company Bonus Funding.

The Company's Board of Directors will approve the CEO Bonus Award after assessing the factors set forth above, and has discretion to increase or decrease the final bonus payout based on any such other factors it deems applicable, provided that the final bonus payout shall not exceed the lesser of (1) 300% of the CEO's target bonus amount for the Measurement Period and (2) \$5 million and no bonus may be paid if the Company's net income falls below a certain threshold.

4. **Payment Schedule:**

1. Annual Bonus Awards will be paid as soon as administratively practicable following the completion of the Measurement Period and the Committee's approval of the Bonus Pool.
2. Mid-Year Bonus Awards: Mid-year Bonus Awards will be paid in accordance with the specific terms and conditions applicable to such awards.

* Including, but not limited to: (1) the Plan Participant must be actually employed by EA or one of its subsidiaries or affiliates on the date that each payment is made pursuant to the Plan in order to earn the right to receive each such payment, (2) except where otherwise required by local law, at any time until the date that bonuses are paid under the Plan, the individual must not have (i) violated any provision of EA's Code of Conduct, any other written EA policy and any law, rule or regulation applicable to EA and EA employees, or (ii) entered into an employment termination or separation agreement (not including agreements entered into in connection with the commencement or continuation of employment), and (3) eligibility to receive a bonus calculated pursuant to this Addendum does not guarantee the payment of any bonus for a specific Performance Period, nor does it guarantee employment for any specific period of time. Capitalized terms in this Addendum shall have the meanings set forth in the Plan, except where such terms are separately defined in this Addendum.