Electronic Arts Inc.
Fiscal Year 2016
Proxy Statement and Annual Report

Notice of 2016 Annual Meeting and Proxy Statement

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Electronic Arts Inc. Notice of 2016 Annual Meeting of Stockholders

DATE: July 28, 2016

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 ten members of the Board of Directors to hold office for a one-year term.	FOR ALL
2. Approve amendments to our Executive Bonus Plan.	FOR
3. Approve amendments to our 2000 Equity Incentive Plan.	FOR
4. Approve an amendment to our 2000 Employee Stock Purchase Plan.	FOR
5. Advisory vote on the compensation of the named executive officers.	FOR
6. Ratification of the appointment of KPMG LLP as our independent public registered accounting firm for the fiscal year ending March 31, 2017.	FOR
7. Any other matters that may properly come before the meeting.	

Any action on the items of business described above may be considered at the 2016 Annual Meeting of Stockholders (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 6, 2016 are entitled to notice of the Annual Meeting and to attend and vote at the Annual Meeting. A live audio webcast of the Annual Meeting will also be made available at *http://investor.ea.com*.

Your vote is important. You do not need to attend the Annual Meeting to vote if you have submitted your proxy in advance of the meeting. 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 Annual Meeting. You may vote on the Internet, in person, 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 (the "Annual Report") for fiscal year ended March 31, 2016, 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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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 the 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. Risks and uncertainties that may affect our future results include, but are not limited to, those discussed under the heading "Risk Factors," in our Annual Report.

2016 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 which was distributed and/or made available via the Internet to stockholders on or about June 10, 2016 along with the Electronic Arts Inc. Notice of 2016 Annual Meeting of Stockholders, Annual Report and form of proxy. *You are encouraged to read the entire Proxy Statement carefully before voting.* In this Proxy Statement, the terms "EA," "we," "our" or "the Company" refer to Electronic Arts Inc.

FINANCIAL AND OPERATING HIGHLIGHTS

Fiscal 2016 was a very good year for EA. Our core strategies delivered award-winning games and services to our players and deep player engagement. This, together with strong execution, generated strong financial results for the Company.

We were the number one publisher on PlayStation® 4 and Xbox One consoles and the number four publisher on mobile in the Western World for calendar year 2015 based on available sources and EA estimates. We accomplished these results while controlling operating expenses through disciplined cost management. Our financial results reflect these accomplishments, as we exceeded our net revenue and earnings per share guidance for fiscal 2016, drove higher gross margins, increased our cash provided by operations and invested in new products and services for the future. As part of our commitment to return value to our stockholders, we authorized a new $500 million share repurchase program in February 2016 and completed this program in March 2016. This program was incremental to the two-year $1 billion dollar program authorized in May 2015.

GAAP Financial and Operating Highlights

- We generated $4.40 billion in net revenue and delivered $3.50 in diluted earnings per share.
- Our digital net revenue increased to $2.41 billion in fiscal 2016 and represented 55% of our total net revenue for fiscal 2016.
- We delivered net income of $1.16 billion and operating cash flow of $1.22 billion.
- Operating profit margins were 20.4%.
- Mobile net revenue was $548 million.
- *Madden NFL 16* was the #1 sports title in the U.S. for calendar year 2015.
- We repurchased 15.7 million shares in fiscal 2016 for $1.0 billion.
- *Star Wars: Battlefront* sold in over 14 million copies in fiscal 2016.

EXECUTIVE COMPENSATION HIGHLIGHTS

The design of our compensation programs is guided by a compensation philosophy based on three core 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, in addition to the NEO's individual performance;

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 executives with the interests of our stockholders. Some of the executive compensation "best practices" we employ include:

What We Do	What We Don't Do
☑ Incorporate both time-based and performance-based RSUs	☒ Have a "single-trigger" change in control plan
☑ Eliminated stock options from our equity mix in fiscal 2016 after stockholder feedback	☒ Provide excise tax gross-up upon a change of control
☑ Require our executives and directors to satisfy stock ownership guidelines	☒ Have executive employment contracts (other than required by local jurisdictions)
☑ Prohibit all employees and directors from engaging in hedging transactions in EA stock and prohibit directors and executives from pledging EA stock	☒ Reprice options without stockholder approval
☑ Conduct annual "say on pay" advisory votes	
☑ Regularly solicit feedback from our largest stockholders on our executive compensation programs	
☑ Recover equity compensation for misconduct in the event of a financial restatement	
☑ Align performance-based equity vesting with stockholder interests	
☑ Provide substantial portion of total compensation to executive officers as performance-based	

BOARD NOMINEES

The following table provides summary information about our director nominees, each of whom is a current director of the Company.

Name	Principal Occupation	Director Since	Independence	Committee Memberships
Leonard S. Coleman	Former President of The National League of Professional Baseball Clubs	2001	X	NG, C
Jay C. Hoag	Founding General Partner, Technology Crossover Ventures	2011	X	C (chair)
Jeffrey T. Huber	Chief Executive Officer, GRAIL, Inc.	2009	X	A
Vivek Paul	Private Investor	2005	X	NG
Lawrence F. Probst III (Chairman)	Chairman, United States Olympic Committee	1991		
Talbott Roche	President and Chief Executive Officer, Blackhawk Network Holdings, Inc.	2016	X	C
Richard A. Simonson	Executive Vice President, Chief Financial Officer, Sabre Corporation	2006	X	A (chair)
Luis A. Ubiñas (Lead Director*)	Former President, Ford Foundation	2010	X	NG (chair)
Denise F. Warren	Former executive at Tribune Publishing Company and New York Times	2013	X	A
Andrew Wilson	Chief Executive Officer, Electronic Arts Inc.	2013		

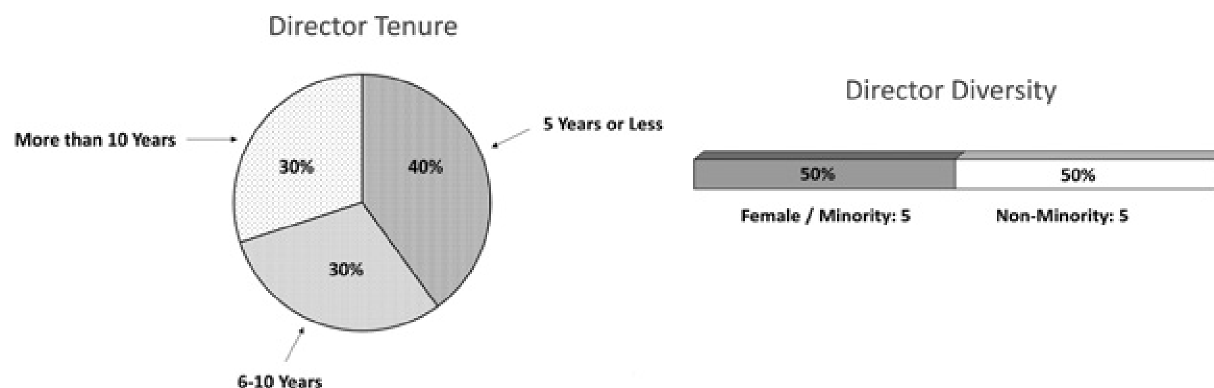
* Elected by independent directors

NG: Nominating and Governance Committee

C: Compensation Committee

A: Audit Committee

BOARD COMPOSITION



Proxy Statement

CORPORATE GOVERNANCE HIGHLIGHTS & REPORT

Board Independence	
Independent Director Nominees	8 of 10
Independent Lead Director	Luis A. Ubiñas
Independent Board Committees	All
Conflict of Interest Policy	Yes

Board Operations	
Number of directors that attended 100% of board and standing committee meetings in fiscal 2016; number of directors that attended at least 86% of all meetings	7 of 9* 9 of 9*
Board Evaluations	Annual
Committee Evaluations	Annual
Director stock ownership requirement	Yes, 5x retainer

Director Elections	
Frequency of board elections	Annual
Voting standard for uncontested elections	Majority of votes cast
Stockholder proxy access	Adopted May 2016

Stockholder Rights	
Voting rights for all shares	One-share, one-vote
Poison Pill	No
Supermajority Voting Provisions	None

* Talbott Roche was appointed to the Board of Directors in June 2016, and is not included for purposes of fiscal 2016 director attendance.

Adoption of Proxy Access: In May 2016, our Board of Directors adopted a proxy access bylaw that permits stockholders owning three percent or more of our outstanding shares of common stock for a period of at least three years to include in our proxy statement nominees for election equal to the greater of two directors or twenty percent of our Board of Directors, so long as the nominating stockholder(s) and the nominee satisfy the requirements specified in our Amended and Restated Bylaws. The number of stockholders who may aggregate their shares to meet the three percent ownership threshold is limited to twenty.

Prior to adopting proxy access, Company management and our Board of Directors closely monitored proxy access developments and engaged with stockholders representing over 43% of our outstanding shares. After considering feedback from our stockholder engagement, as well as the non-binding stockholder proposal that passed at our 2015 Annual Meeting and our review of market developments, our Board of Directors adopted proxy access that best serves the interest of the Company and our stockholders.

A substantial majority of our stockholders favored provisions that differed from the specific terms of the non-binding stockholder proposal that passed at our 2015 Annual Meeting, such as limiting the number of stockholders that are able to aggregate their shares in order to meet the three percent ownership requirement and fixing the number of allowable proxy access nominees at the greater of two directors or twenty percent of our Board of Directors. Stockholders will be able to propose proxy access nominees beginning with our 2017 Annual Meeting.

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 Company's solicitation of proxies for use at our Annual Meeting, which will take place on Thursday, July 28, 2016 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 the proposals that will be considered at the Annual Meeting, 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 Securities and Exchange Commission (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: Corporate Secretary, Electronic Arts Inc., 209 Redwood Shores Parkway, Redwood City, CA 94065 or call (650) 628-1500.

How can I get electronic access to the proxy materials?

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.***

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 as of the close of business on June 6, 2016 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 Annual 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 Annual Meeting. As a beneficial owner, you are not the stockholder of record and may not vote these shares in person at the Annual 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. There were 301,383,330 shares of common stock outstanding on the record date.

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, Talbott Roche, 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 (Proposal 1);
- Approve amendments to our Executive Bonus Plan (the "Executive Bonus Plan") to increase participants' bonus target cap to 200% of base salary and increase the maximum annual bonus payment that participants can receive to 300% of bonus target and an approval related to the Company's ability to deduct equity-based compensation for income tax purposes (Proposal 2);
- Approve amendments to the Company's 2000 Equity Incentive Plan (the "EIP") to increase the number of shares of common stock authorized under the EIP by 12,900,000 shares, add an upper limit of $1,200,000 (in aggregate from grants of annual awards and shares-in-lieu of cash compensation) that may be granted in any fiscal year to a non-employee director and approvals related to the Company's ability to deduct equity-based compensation for income tax purposes (Proposal 3);
- Approve an amendment to the 2000 Employee Stock Purchase Plan (the "ESPP") to increase the number of shares of common stock reserved for issuance under the ESPP by 3,000,000 shares (Proposal 4);
- Cast an advisory vote on the compensation of the Company's named executive officers (Proposal 5); and
- Ratify the appointment of KPMG LLP as the Company's independent public registered accounting firm for the fiscal year ending March 31, 2017 (Proposal 6).

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 received 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 General Counsel and Corporate Secretary) or any of them, each with power of substitution, to vote your shares at the Annual Meeting, or any adjournment thereof, as you have instructed. If a proposal comes up for a vote at the Annual 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 Annual 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.

- ***On the Internet or by 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 telephone by following the instructions provided on your proxy card or voting instruction card.
- ***By Mail*** — If you receive 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.

I share an address with another stockholder, and we received only one paper copy of the proxy materials. How can I obtain an additional copy of the proxy materials?

The Company has adopted an SEC-approved procedure called "householding." Under this procedure, the Company may deliver a single copy of the Notice, Annual Report and this Proxy Statement to multiple stockholders who share the same last name and address and who have consented to householding in accordance with SEC rules unless the Company has received contrary instructions from one or more of those stockholders. This procedure reduces the environmental impact of the Company's annual meetings, and reduces the Company's printing and mailing costs. Stockholders who participate in householding will continue to receive separate proxy cards. Upon written or oral request, the Company will deliver promptly a separate copy of the Notice, Annual Report and this Proxy Statement to any stockholder at a shared address to which the Company delivered a single copy of any of these documents.

To receive free of charge a separate copy of the Notice, Annual Report and this Proxy Statement, or separate copies of these documents in the future, stockholders may write our Corporate Secretary at 209 Redwood Shores Parkway, Redwood City, CA 94065 or call (650) 628-1500.

If you are receiving more than one copy of the proxy materials at a single address and would like to participate in householding, please contact the Company using the mailing address or phone number above. Stockholders who hold shares in street name may contact their brokerage firm, bank, broker-dealer or other similar organization to request information about householding.

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 Annual 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 Corporate Secretary at our corporate headquarters address listed above);
- Signing and returning 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 27, 2016 (your latest vote is counted); or
- Voting in person at the Annual Meeting.

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

How many shares must be present to hold the Annual Meeting?

To hold the Annual Meeting and conduct business, a majority of EA's outstanding voting shares as of June 6, 2016 must be present or represented by proxies at the Annual Meeting. On June 6, 2016, a total of 301,383,330 shares of common stock were outstanding and entitled to vote. Each share of common stock is entitled to one vote. Shares representing a majority, or at least 150,691,666 shares, of these votes must be present in person or by proxy. This is called a quorum.

Shares are counted as present at the Annual Meeting if:

- They are entitled to vote at the Annual Meeting and are present at the Annual Meeting in person, or
- The stockholder has voted on the Internet, by telephone or a properly submitted proxy card.

Who will count the votes?

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

How are votes counted?

You may vote "for," "against" or "abstain" with respect to each of the nominees for election to the Board of Directors and on each of the proposals. A share voted "abstain" with respect to any proposal is considered as

present at the Annual Meeting for purposes of establishing a quorum and entitled to vote with respect to that proposal, but is not considered a vote cast with respect to that proposal. Thus, abstentions will not affect the outcome of any matter being voted on at the Annual Meeting. 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 held by a broker, bank or other nominee or trustee and you do not provide your broker, bank or other nominee or trustee 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 2017. 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 Annual Meeting. 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 receive to be elected as directors?

In an uncontested election, our Amended and Restated 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 2016 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 his or her 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 ten 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 serve or for good cause will not serve?

If, prior to the Annual Meeting, one or more of the nominees notifies us that he or she is unable to serve, or for good cause will not serve, as a member of the Board of Directors, 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 ten nominees.

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

The amendments to the Executive Bonus Plan, the EIP, and the ESPP, the advisory vote on the compensation of the named executive officers, and the ratification of KPMG LLP must receive a "for" vote from a majority of the voting shares present at the Annual 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 this

vote is non-binding, the Board of Directors and the Compensation Committee value the opinions of our stockholders, and will consider the outcome of this vote, along with other relevant factors, in evaluating the compensation program for our named executive officers.

Shares represented by your proxy will be voted by EA's management in accordance with the Board of Directors's recommendation unless you vote otherwise on your proxy or you mark your proxy to "abstain" from voting. Abstentions and broker non-votes will have no effect on the outcome of these proposals.

What is the deadline to propose matters for consideration at the 2017 Annual Meeting of stockholders?

Proposals to be considered for inclusion in our proxy materials: No later than February 10, 2017. All proposals must comply with Rule 14a-8 under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

Other proposals to be brought at our 2017 Annual Meeting: No earlier than March 30, 2017 and no later than April 29, 2017. The submission must include certain information concerning the stockholder and the proposal, as specified in the Company's Amended and Restated Bylaws.

What is the deadline to nominate individuals for election as directors at the 2017 Annual Meeting of stockholders?

Director nominations for consideration by our Nominating and Governance Committee: No later than February 10, 2017.

Director nominations for inclusion in our proxy materials (proxy access nominees): No earlier than February 28, 2017 and no later than March 30, 2017. The nomination must include certain information concerning the stockholder or stockholder group and the nominee, as specified in Section 1.6 of the Company's Amended and Restated Bylaws.

Director brought pursuant to our advance notice bylaws: No earlier than March 30, 2017 and no later than April 29, 2017. The nomination must include certain information concerning the stockholder and the nominee, as specified in Section 1.5 of the Company's Amended and Restated Bylaws.

Where should I send proposals and director nominations for the 2017 Annual Meeting of stockholders?

Stockholder proposals and director nominations should be sent in writing to Jacob Schatz, Corporate Secretary at Electronic Arts Inc., 209 Redwood Shores Parkway, Redwood City, CA 94065.

How can I obtain a copy of 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/A we filed with the SEC on May 27, 2016, 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.

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 Annual 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) 628-0406 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.

How is the Company's fiscal year calculated?

The Company's fiscal year is reported on a 52- or 53-week period that ends on the Saturday nearest March 31. Our results of operations for fiscal 2016 contained 53 weeks and ended on April 2, 2016. For simplicity of disclosure, fiscal periods are referred to as ending on a calendar month end, even if the technical end of a fiscal period was not the last day of a calendar month. Thus, in this Proxy Statement, "fiscal 2017," "fiscal 2016," "fiscal 2015," and "fiscal 2014" refer to our fiscal years ending or ended (as the case may be) on March 31, 2017, 2016, 2015 and 2014, respectively.

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*.

BOARD OF DIRECTORS & CORPORATE GOVERNANCE

Each of the following directors has been nominated for election or re-election 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 67, 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. Mr. Coleman also serves on the Board of Directors of Aramark, Avis Budget Group, Inc. and Omnicom Group Inc. and has served as a director of Churchill Downs Incorporated and H.J. Heinz Company 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 58, co-founded Technology Crossover Ventures, a leading provider of growth capital to technology companies, in 1995 and serves as its Founding General Partner. Mr. Hoag serves on the Board of Directors of Netflix, Inc., TechTarget, Inc., Zillow Group, Inc. and several private companies. Mr. Hoag 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 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 48, was named Chief Executive Officer of GRAIL, Inc. in February 2016. Previously, Mr. Huber served as Senior Vice President of Alphabet Inc. (formerly Google Inc.), where he 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. Mr. Huber has served on the Board of Directors of Illumina, Inc. during the past five years. 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 operational and management experience at companies that apply rapidly-changing technology, including relevant background and experience at consumer online companies and with 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 57, is a private investor. He founded KineticGlue, an enterprise social media company, in 2008, and the company was sold 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. 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 serves as a Consulting Professor at Stanford University.

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. Several of his team members at prior companies have gone on to become public company CEOs, and Mr. Paul brings valuable mentoring skills. 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 66, has been our Chairman of the Board of Directors since July 1994. He was employed by EA from 1984 to September 2008, as well as from March 2013 until December 2014, serving as our Chief Executive Officer from May 1991 until April 2007 and as President from 1991 until 1998. Mr. Probst again served as our interim Chief Executive Officer from March 2013 until September 2013 and was our Executive Chairman from March 2013 until December 2014. 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 over 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.

Talbott Roche
Director since June 2016
Ms. Roche, age 49, has served as Chief Executive Officer and a member of the board of directors of Blackhawk Network Holdings, Inc., a prepaid and payments company, since February 2016, and President since November 2010. Ms. Roche has held several positions at Blackhawk Network Holdings since joining in 2001, including Senior Vice President, Marketing, Product and Business Development and Assistant Vice President. Prior to joining Blackhawk Network Holdings, Ms. Roche served as a Branding Consultant and Director of New Business Development for Landor Associates, a marketing consulting firm, and held executive positions at News Corporation, a media and marketing services company. Ms. Roche has previously served as a member of the board of directors of the Network Branded Prepaid Card Association, a trade association. Ms. Roche holds a B.A. in economics from Stanford University.

Ms. Roche brings to the Board of Directors her operational and management experience within a global organization. In addition, Ms. Roche's understanding and experience with digital commerce, marketing and consumer trends provides the Board of Directors with valuable perspective. Based on these experiences, qualifications and attributes, the Board of Directors has concluded that Ms. Roche is qualified to serve as a director.

Richard A. Simonson
Director since 2006
Mr. Simonson, age 57, has served as Executive Vice President and Chief Financial Officer of Sabre 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. Mr. Simonson is also a director of Silver Spring Networks, Inc. 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, Lead Director since 2015

Mr. Ubiñas, age 53, 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 also serves on the boards of several non-profit organizations, and has 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, 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 overseeing more than $12 billion in assets and over $500 million in annual giving at the Ford Foundation. In addition, through his prior experience as a Director at McKinsey & Company, he has worked with technology, telecommunications and media companies in understanding the challenges and opportunities presented by mobile and other digital distribution platforms and applications. Mr. Ubiñas has worked extensively with companies managing the transition from physical to digital distribution and business models. 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 52, served as President of Digital, CEO of East Coast Publishing and Executive Vice President of the Tribune Publishing Company from June 2015 to February 2016. Prior to joining the Tribune Publishing Company, Ms. Warren served in a number of executive positions at The New York Times Company from June 2005 through October 2014, including Executive Vice President of Digital Products and Services from March 2013 until October 2014, General Manager of NYTimes.com from December 2008 to March 2013, and as Chief Advertising Officer of The New York Times from June 2005 until 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 41, has served as EA's Chief Executive Officer and as a director of EA since September 2013. Prior to his appointment as our Chief Executive Officer, Mr. Wilson held several positions within the Company since joining EA in May 2000, including Executive Vice President, EA SPORTS from August 2011 to September 2013 and Senior Vice President, EA SPORTS from March 2010 to August 2011. Mr. Wilson also serves as a director of the World Surf League.

Mr. Wilson has served as the Company's Chief Executive Officer since September 2013 and has been employed by EA in several roles since May 2000. 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 Mr. Coleman, Mr. Hoag, Mr. Huber, Mr. Paul, Ms. Roche, Mr. Simonson, Mr. Ubiñas and Ms. Warren qualifies as an "independent director" as that term is used in the NASDAQ Stock Market Rules. Mr. Probst, who served as our Executive Chairman through December 31, 2014, and Mr. Wilson, our CEO, do not qualify as independent.

In addition to the board-level standards for director independence, the directors who serve on the Nominating and Governance, 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

In fiscal 2016, the Board of Directors met six times and also acted by written consent. At regularly scheduled meetings, 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 Chairman. In addition, Mr. Ubiñas, our Lead Director, was elected by the independent directors and 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, serving as a liaison between the Chairman and the other independent directors, and overseeing the Board of Directors' stockholder communication policies and procedures (including, under appropriate circumstances, meeting with stockholders). Mr. Ubiñas also may call meetings of the independent directors. Mr. Ubiñas is serving a two-year term as Lead Director, ending with our 2017 Annual Meeting of stockholders, subject to his re-election to the Board of Directors at the Annual Meeting.

The Board of Directors believes that this leadership structure with Mr. Wilson serving as CEO, Mr. Probst serving as the Chairman and Mr. Ubiñas serving as Lead Director is the most appropriate leadership structure for the Company at this time. Given his over 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 interactive entertainment industry and is uniquely positioned to lead the Board of Directors 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 of Directors to have an independent Lead Director undertake the duties identified above.

Board Committees

The Board of Directors currently has a standing Audit Committee, Compensation Committee, and Nominating and Governance Committee. The Audit Committee, Compensation Committee, and Nominating and Governance Committee operate under written charters adopted by the Board of Directors. These charters are available 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 2016, all nine of our directors standing for re-election attended or participated in 86% or more of the aggregate of (1) the number of meetings of the Board or Directors and (2) the number of meetings held by each committee on which such director was a member. Talbott Roche was appointed to the Board of Directors in June 2016 and is not included in the calculations of our directors' fiscal 2016 attendance. The members of the committees are shown below:

Audit Committee:	Richard A. Simonson (Chair), Jeffrey T. Huber and Denise F. Warren
Nominating and Governance Committee:	Luis A. Ubiñas (Chair), Leonard S. Coleman and Vivek Paul (from February 3, 2016)
Compensation Committee:	Jay C. Hoag (Chair), Leonard S. Coleman, Vivek Paul (until February 3, 2016) and Talbott Roche (from June 6, 2016)

Audit Committee

The Audit Committee assists the Board of Directors in its oversight of the Company's financial reporting and is directly responsible for the appointment, compensation and oversight of our independent auditors. The Audit Committee is also responsible for additional matters, including establishing and maintaining complaint procedures with respect to internal and external concerns regarding accounting or auditing matters. The Audit Committee has the authority to obtain advice and assistance from outside advisors without seeking approval from the Board of Directors, and the Company will provide appropriate funding for payment of compensation to advisors engaged by the Audit Committee. 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 2016. For further information about the Audit Committee, please see the "Report of the Audit Committee of the Board of Directors" below.

Nominating and Governance Committee

The Nominating and Governance Committee is responsible for recommending to the Board of Directors nominees for director and committee memberships. 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 Nominating and Governance 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 Nominating and Governance Committee also reviews with management diversity, corporate responsibility and sustainability issues affecting the Company. The Nominating and Governance Committee currently is comprised of three directors, each of whom in the opinion of the Board of Directors meets the independence requirements of the NSADAQ Stock Market Rules. The Nominating and Governance Committee met six times in fiscal 2016.

Compensation Committee

The Compensation Committee is responsible for setting the overall compensation strategy for the Company, recommending the compensation of the CEO to the Board of Directors, determining the compensation of our other executive officers, and overseeing the Company's bonus and equity incentive plans and other benefit plans. For further information about the role of our executive officers in recommending the amount or form of executive compensation, please see "The Process for Determining our NEOs' Compensation" in the "Compensation Discussion and Analysis" section of this Proxy Statement. 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 "Code"). The Compensation Committee may delegate any of its authority and duties to subcommittees, individual committee members or management, as it deems appropriate in accordance with applicable laws, rules and regulations. During fiscal 2016, the Compensation Committee met five times and also acted by written consent.

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 2016, the Compensation Committee engaged and directly retained 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 performed no other services for the Company and its management team during fiscal 2016. The Compensation Committee has reviewed the independence of Compensia and determined that Compensia's engagement did not raise any conflicts of interest.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

During fiscal 2016, no member of the Compensation Committee was an employee or current or former officer of EA. No EA officer serves or has served since the beginning of fiscal 2016 as a member of the board of directors or the compensation committee of a company at which a member of EA's Board of Directors and Compensation Committee is an employee or officer.

CONSIDERATION OF DIRECTOR NOMINEES

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 the 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.

The Nominating and Governance Committee will evaluate candidates proposed by our stockholders under similar criteria, 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.

GLOBAL CODE OF CONDUCT AND CORPORATE GOVERNANCE GUIDELINES

We have adopted a Global Code of Conduct that applies to our directors, principal executive officer, principal financial officer, principal accounting officer, and other senior financial officers, as well as Corporate Governance Guidelines which, along with our organizational documents and committee charters, form the framework of our corporate governance. Our Global Code of Conduct, Corporate Governance Guidelines and committee charters are available in the Investor Relations section of our website at *http://investor.ea.com*. We post amendments to or waivers from our Global Code of Conduct in the Investor Relations section of our website. Copies of our committee charters and Global Code of Conduct are available without charge by contacting our Investor Relations department at (650) 628-0406.

OVERSIGHT OF RISK ISSUES

Our Board of Directors as a whole has responsibility for overseeing our risk management. The Board of Directors exercises this oversight responsibility directly and through its committees. The oversight responsibility of the Board of Directors and its committees is informed by reports from our management team that are designed to provide visibility about the identification and assessment of key risks and our risk mitigation strategies. Business risks are reviewed by the full Board of Directors. 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 risks related to 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. Each of the committees regularly report to the full Board of Directors on matters relating to the specific areas of risk that each committee oversees.

As part of their risk oversight efforts, the Compensation Committee 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 and have concluded that they do not.

In making that determination, the Compensation Committee 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, cash and 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 their evaluation with management and the Compensation 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.

In addition, the Compensation Committee considered risks associated with the retention of employees given the Company's stock price performance over the last several years and the structure and vesting schedules of equity awards previously granted to employees.

The "Compensation Discussion and Analysis" section below generally describes the compensation policies and practices applicable to our named executive officers.

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 "related-person transactions," as defined in Section 404 of Regulation S-K, involving EA or its subsidiaries and related persons. Under this policy, a related person is a director, officer, nominee for director, greater than 5% stockholder or entity in which any of the foregoing persons is either employed in certain positions, or owns more than a 10% interest, or an immediate family member of any of the foregoing, in each case as of the last completed fiscal year. We review any transaction or series of transactions in which EA or any subsidiary is a participant, the amount of which exceeds $120,000 and in which any related person has a direct or indirect interest, as well as any transaction for which EA's Global Code of Conduct or Conflict of Interest Policy would require approval of the Board of Directors.

Once a related person transaction has been identified, the Audit Committee (if the transaction involves an executive officer) or the Nominating and Governance Committee (if the transaction involves a director) are responsible for reviewing the transaction at the next scheduled meeting of such committee. If it is not practicable or desirable to wait until the next scheduled meeting, the chairperson of the applicable committee considers the matter and reports 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) considers all of the relevant facts and circumstances available and related person transactions are only approved if they are in, or not inconsistent with, the best interests of EA and its stockholders. No member of the Audit Committee or Nominating and Governance Committee is permitted to 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.

CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS

Scott Probst

Scott Probst, the son of our Chairman, has been employed by the Company since 2003. Mr. Probst serves as General Manager and Executive Producer of Visceral Studio. The aggregate value of his total compensation in fiscal 2016, including base salary, bonus award, and grant-date value of equity awards, was an amount consistent with total compensation provided to other EA employees in similar positions and less than $600,000. The Compensation Committee reviews the compensation decisions involving Scott Probst in accordance with our Related Person Transactions Policy.

Other Relationships

We enter into commercial dealings with Google Inc., including arrangements to provide Android applications on the Google Play platform and to utilize a variety of Google's advertising and analytics services. Mr. Huber, one of our directors, worked as Senior Vice President at Google and, from October 2015, at Alphabet, Google's newly formed parent company, working on projects in the Google X division. While Mr. Huber was employed by Google/ Alphabet, he had no involvement in Google's commercial dealings with EA and had no material direct or indirect interest in these transactions. Therefore, we do not consider these dealings to be "related person transactions." In February 2016, Mr. Huber left Google/Alphabet and began serving as the Chief Executive Officer of GRAIL, Inc.

We also enter into commercial dealings with Blackhawk Network Holdings, Inc. whereby Blackhawk Network Holdings offers EA-branded gift cards. Ms. Roche, one of our directors, is the Chief Executive Officer of Blackhawk Network Holdings. The amounts involved in the transactions between the Company and Blackhawk Network Holdings did not exceed $100,000 during fiscal 2016 and Ms. Roche had no material direct or indirect interest in these transactions. 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 Blackhawk Network Holdings in reaching its determination that Ms. Roche is an independent director.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

We have adopted procedures to assist EA's directors and officers in complying with the requirements of Section 16(a) of the Exchange Act, 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 all Section 16(a) filing requirements applicable to our officers and directors were timely met during fiscal 2016.

DIRECTOR ATTENDANCE AT ANNUAL MEETING

Our directors are expected to make every effort to attend the Annual Meeting. All nine directors who were elected at the 2015 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. Our Corporate Secretary will forward to the Board of Directors all communications that are not of a commercial or frivolous nature or otherwise inappropriate for their consideration. For further information regarding the submission of stockholder communications, please visit the Investor Relations section of our website at *http://investor.ea.com*.

ADOPTION OF PROXY ACCESS

In May 2016, our Board of Directors adopted a proxy access bylaw that permits stockholders owning three percent or more of our outstanding shares of common stock for a period of at least three years to include in our proxy statement nominees for election equal to the greater of two directors or twenty percent of our Board of Directors, so long as the nominating stockholder(s) and the nominee satisfy the requirements specified in our Amended and Restated Bylaws. The number of stockholders who may aggregate their shares to meet the three percent ownership threshold is limited to twenty.

Prior to adopting proxy access, Company management and our Board of Directors closely monitored proxy access developments and engaged with stockholders representing over 43% of our outstanding shares. After considering feedback from our stockholder engagement, as well as the non-binding stockholder proposal that passed at our 2015 Annual Meeting and our review of market developments, our Board of Directors adopted proxy access that best serves the interest of the Company and our stockholders.

A substantial majority of our stockholders favored provisions that differed from the specific terms of the non-binding stockholder proposal that passed at our 2015 Annual Meeting, such as limiting the number of stockholders

that are able to aggregate their shares in order to meet the three percent ownership requirement and fixing the number of allowable proxy access nominees at the greater of 2 directors or twenty percent of our Board of Directors. Stockholders will be able to propose proxy access nominees beginning with our 2017 Annual Meeting.

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 Annual 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.

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 SEC nor shall this information be incorporated by reference into any future filing under the Securities Act of 1933, as amended (the "Securities Act"), or the Exchange Act, 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 SEC. In fiscal 2016, the Audit Committee consisted of Richard A. Simonson, Jeffrey T. Huber 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.

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 (the "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 control and financial reporting processes. 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 for the most recently completed fiscal year 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 Company 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 and internal control processes. 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 received and reviewed the written disclosures and the letter from the independent auditors required by the applicable requirements of the PCAOB regarding their communications with the Audit Committee concerning independence, and has discussed with the independent auditors the auditors' independence from the Company and its management. The Audit Committee also has considered whether the provision of any non-audit services (as described on page 58 of this Proxy Statement under the heading "Proposal 6: 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 the 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 Company's audited financial statements for fiscal 2016 be included for filing with the SEC in the Company's Annual Report. The Audit Committee has also approved the selection of KPMG LLP as the Company's independent auditors for fiscal 2017.

AUDIT COMMITTEE

Richard A. Simonson (Chairman)

Jeffrey T. Huber

Denise F. Warren

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. Our non-employee directors are paid a mix of cash and equity compensation for their service as directors.

Cash Compensation

The table below reflects the annualized components of cash compensation for non-employee directors that were in place during fiscal 2016. For more information regarding the specific compensation received by each non-employee director during fiscal 2016, see the "Fiscal 2016 Director Compensation Table" table below.

Compensation Component	Amount
Annual Retainer	$60,000
Service on the Audit Committee	$15,000
Chair of the Audit Committee	$15,000
Service on the Compensation Committee	$12,500
Chair of the Compensation Committee	$12,500
Service on the Nominating and Governance Committee	$10,000
Chair of the Nominating and Governance Committee	$10,000
Chairman of the Board of Directors	$50,000
Service as Lead Director	$25,000

In addition, during fiscal 2016 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 areas such 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 2016.

Stock Compensation

In fiscal 2016, each of our non-employee directors who were re-elected at the 2015 Annual Meeting of stockholders were granted restricted stock units with time-based vesting ("RSUs") with a grant date fair value of approximately $260,000. These RSUs will vest in their entirety on July 28, 2016.

Under the EIP, 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. These 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. Mr. Hoag, Mr. Huber, Mr. Paul, Mr. Simonson and Ms. Warren received all or part of their cash compensation in the form of our common stock during fiscal 2016.

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 director 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.

Stock Ownership Guidelines

Each non-employee director is required, within five years of becoming a director, to own a number of shares of EA common stock having a value of at least five years' annual retainer for service on our Board of Directors.

Non-employee directors are permitted to include the value of vested, but deferred, RSUs toward their ownership requirement. As of March 31, 2016, each of our directors had either fulfilled their ownership requirements or had not yet reached five years of service. Mr. Hoag is currently eligible to satisfy his ownership requirements through holdings of EA stock by Technology Crossover Ventures.

FISCAL 2016 DIRECTOR COMPENSATION TABLE

The following table shows compensation information for each of our non-employee directors during fiscal 2016. The compensation paid to Mr. Wilson is shown under "Fiscal 2016 Summary Compensation Table" found on page 38 of this Proxy Statement and the related explanatory tables. Mr. Wilson does not receive any compensation for his service as a member of our Board of Directors. Ms. Roche was appointed to the Board of Directors in June 2016 and thus did not receive any compensation during fiscal 2016 for her service.

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)[1]	Option Awards ($)[2]	Total ($)
Leonard S. Coleman	$ 82,500	$259,967	—	$342,467
Jay C. Hoag	$ 85,000	$259,967	$8,500	$353,467
Jeffrey T. Huber	$ 75,000	$259,967	$7,500	$342,467
Vivek Paul	$ 72,500	$259,967	$1,813	$334,280
Lawrence F. Probst III	$110,000	$259,967	—	$369,967
Richard A. Simonson	$ 96,250	$259,967	$9,625	$365,842
Luis A. Ubiñas	$ 98,750	$259,967	—	$358,717
Denise F. Warren	$ 75,000	$259,967	$5,625	$340,592

(1) Represents the aggregate grant date fair value of RSUs granted in fiscal 2016 calculated based on a closing price of $72.82 for our common stock on the date of grant, August 14, 2015. 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 Annual Report. Each of our non-employee directors held 3,570 unvested RSUs as of April 2, 2016 (the last day of fiscal 2016).

(2) Non-employee directors may elect to receive all or part of their cash compensation in the form of common stock, and directors making such an election receive common stock valued at 110% of the cash compensation they would have otherwise received. These 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. The values represent the approved value of stock options for the premium shares-in-lieu received. The aggregate number of unexercised stock options held by our non-employee directors as of April 2, 2016 was as follows: Mr. Coleman, 8,400; Mr. Hoag, 11,872; Mr. Huber, 31,472; Mr. Probst, 92,961; Mr. Simonson, 11,872; Mr. Ubiñas, 11,872; and Ms. Warren, 11,872. Mr. Paul has no outstanding stock options. The following table presents information regarding the shares granted to each director during fiscal 2016 who elected to receive all or part of their cash compensation in the form of common stock:

Name	Grant Date	Exercise Price ($)	Shares Subject to Immediately Exercised Stock Option Grants	Grant Date Fair Value ($)
Jay C. Hoag	5/1/2015	59.33	394	23,376
	8/3/2015	70.97	329	23,349
	11/2/2015	72.00	325	23,400
	2/1/2016	64.20	364	23,369
				93,494
Jeffrey T. Huber	5/1/2015	59.33	348	20,647
	8/3/2015	70.97	290	20,581
	11/2/2015	72.00	287	20,664
	2/1/2016	64.20	321	20,608
				82,500
Vivek Paul	5/1/2015	59.33	336	19,935
Richard A. Simonson	5/1/2015	59.33	533	31,623
	8/3/2015	70.97	349	24,769
	11/2/2015	72.00	344	24,768
	2/1/2016	64.20	385	24,717
				105,877
Denise F. Warren	8/3/2015	70.97	290	20,581
	11/2/2015	72.00	287	20,664
	2/1/2016	64.20	321	20,608
				61,853

COMPENSATION DISCUSSION AND ANALYSIS

OVERVIEW

Our Compensation Discussion and Analysis ("CD&A") describes and discusses the fiscal 2016 compensation paid to our named executive officers ("NEOs"), and is organized into six sections:

- Executive Summary
- Compensation Principles and Say on Pay Vote
- The Process for Determining Our NEOs' Compensation
- Our NEOs' Fiscal 2016 Compensation
- Our Elements of Pay
- Other Compensation Information

EXECUTIVE SUMMARY

Fiscal 2016 Summary of EA's Business

Fiscal 2016 was a very good year for EA. Our core strategies delivered award-winning games and services to our players and deep player engagement. This, together with great execution, generated strong financial results for the Company.

We were the number one publisher on PlayStation® 4 and Xbox One consoles and the number four publisher on mobile in the Western World for calendar year 2015 based on available sources and EA estimates. We accomplished these results while controlling operating expenses through disciplined cost management. Our financial results reflect these accomplishments, as we exceeded our net revenue and earnings per share guidance for fiscal 2016, drove higher gross margins, increased our cash provided by operations and invested in new products and services for the future. As part of our commitment to return value to our stockholders, we authorized a new $500 million share repurchase program in February 2016 and completed this program in March 2016. This program was incremental to the two-year $1 billion dollar program authorized in May 2015.

GAAP Financial and Operating Highlights

- We generated $4.40 billion in net revenue and delivered $3.50 in diluted earnings per share.
- Our digital net revenue increased to $2.41 billion in fiscal 2016 and represented 55% of our total net revenue for fiscal 2016.
- We delivered net income of $1.16 billion and operating cash flow of $1.22 billion, both records for a fiscal year.
- Operating profit margins were 20.4%.
- Mobile net revenue of $548 million was a record for a fiscal year.
- *Madden NFL 16* was the #1 sports title in the U.S. for calendar year 2015.
- We repurchased 15.7 million shares in fiscal 2016 for $1.0 billion.
- *Star Wars: Battlefront* sold in over 14 million copies in fiscal 2016.

The financial performance, operational achievements and other fiscal year events summarized above provide context for the compensation decisions made by the Compensation Committee and Board of Directors in fiscal 2016 as we continue to structure our executive compensation program to align with pay-for-performance considerations. The Company's executive compensation program is designed to reward our officers for the achievement of specific Company-wide financial objectives, as well as the creation of long-term stockholder value.

COMPENSATION PRINCIPLES AND SAY ON PAY VOTE

Compensation Principles — Promoting Pay-for-Performance

The design of our compensation programs is guided by a compensation philosophy based on three core 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, in addition to the NEO's individual performance;
- **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 and geographic area 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.

Fiscal 2016 Say On Pay Vote and Our Investor Outreach Program

In response to stockholder concerns with certain of our past executive compensation programs, in connection with the say on pay vote at our 2014 Annual Meeting we engaged with stockholders representing over 53% of our outstanding shares to solicit their perspective on our executive compensation programs. The Compensation Committee considered this input, along with a variety of other factors, and adopted changes to our executive compensation program in fiscal 2015, which were implemented in fiscal 2016. We eliminated stock options, which had comprised 25% of the equity awards in fiscal 2015, and proportionally increased the percentage of performance-based equity awards by 25% to 50% in lieu of the stock options. In addition, we added a cash flow metric to the financial objectives of our NEOs' fiscal 2016 cash bonuses. Our stockholders responded well to those changes and we received a favorable 98% of votes cast for our annual say on pay advisory proposal at our 2015 Annual Meeting. EA's management, the Compensation Committee and the Board of Directors are committed to maintaining a pay-for-performance alignment in our executive compensation programs and continue to solicit feedback from our stockholders regarding our programs and practices.

THE PROCESS FOR DETERMINING OUR NEOS' COMPENSATION

Role of the Board of Directors, Compensation Committee and Management

Our Board of Directors approves the target total direct compensation and makes compensation decisions for our CEO, in consultation with the Compensation Committee and the Compensation Committee's independent compensation consultant, Compensia. Our Compensation Committee approves the target total direct compensation and makes compensation decisions for all other NEOs after input, at the Compensation Committee's request, from our CEO, our Chief Talent Officer, and Compensia.

Compensation decisions made by the Board of Directors and the Compensation Committee are based on several factors, including 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 impact of the Company's financial performance and individual considerations in our fiscal 2016 compensation decisions are detailed in the section of this CD&A entitled "Our NEOs' Fiscal 2016 Compensation." The Compensation Committee and the Board of Directors also reference certain market-based considerations, such as peer group data, benchmarking and percentiles when making compensation decisions.

Selection and Use of Peer Group

To assess market compensation practices, each year the Compensation Committee selects a group of comparable companies ("peer group") to use as a reference for compensation decisions. Our peer group is comprised of companies across related industries, with comparable revenue, market capitalization, geographic markets,

financial performance and expected growth rates. In the third quarter of fiscal 2015 (November 2014), the Compensation Committee selected the following peer group to use as a reference for fiscal 2016 compensation decisions.

FISCAL 2016 PEER GROUP

Video Game	Technology/Internet	Entertainment	Toys/Games
Activision Blizzard	Adobe Systems	AMC Networks Inc.	Hasbro
Zynga	Autodesk	Discovery Communications	Mattel
	Expedia	Lions Gate Entertainment	
	IAC/Interactive Corp.		
	Intuit		
	LinkedIn Corporation		
	Priceline		
	Salesforce.com		
	Symantec		
	Yahoo!		

In the third quarter of fiscal 2016 (November 2015), the Compensation Committee assessed this peer group for use in benchmarking fiscal 2017 compensation decisions and added eBay Inc. ("eBay") to our peer group. We regularly compete with eBay for talent (e.g., our Executive Vice President and Chief Technology Officer Kenneth Moss joined us from eBay) and following the spin-off of the PayPal business, eBay's revenues have become more comparable to ours. The Compensation Committee determined no other changes were needed to our peer group for fiscal 2017. Based on public filings through May 27, 2016, with respect to comparable revenues we ranked in the 42nd percentile relative to our peer group as of the most recently completed fiscal year of each respective company. As of May 27, 2016, our market capitalization ranked in the 58th percentile relative to our peer group.

Compensation Benchmarking and the Role of Consultants

In February 2016, 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, target cash compensation, long-term incentives and target total direct compensation of each of our senior vice-president level positions and above against similar positions in our peer group. 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 Compensation Committee with its findings in February 2016 to be used as a reference for making bonus decisions for fiscal 2016 and base salary and equity decisions for fiscal 2017.

Use of Percentiles

When setting the fiscal 2016 base salaries and bonus targets for our NEOs, the Compensation Committee references the 50th to 75th percentiles of the market range of comparable companies, and for target guidelines for annual equity awards, the Compensation Committee references the 75th percentile. We believe these percentiles are appropriate to recruit and retain a strong leadership team in an industry and geographic area that is highly competitive for executive talent. Our guidelines for annual equity awards reference a higher percentile because of the important retention value of the awards. 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 targets and is determined based on our financial performance, individual performance, market trends and other factors unique to each individual.

The Compensation Committee also considers the aggregate value of all three target total direct compensation components (i.e., base salary, bonus and annual equity awards), and references the 50th to 75th percentiles of the market for target total direct compensation. When necessary for new hires, retention, succession planning, or other factors, the Compensation Committee may approve compensation for select key executives that could result in target total direct compensation above our referenced range.

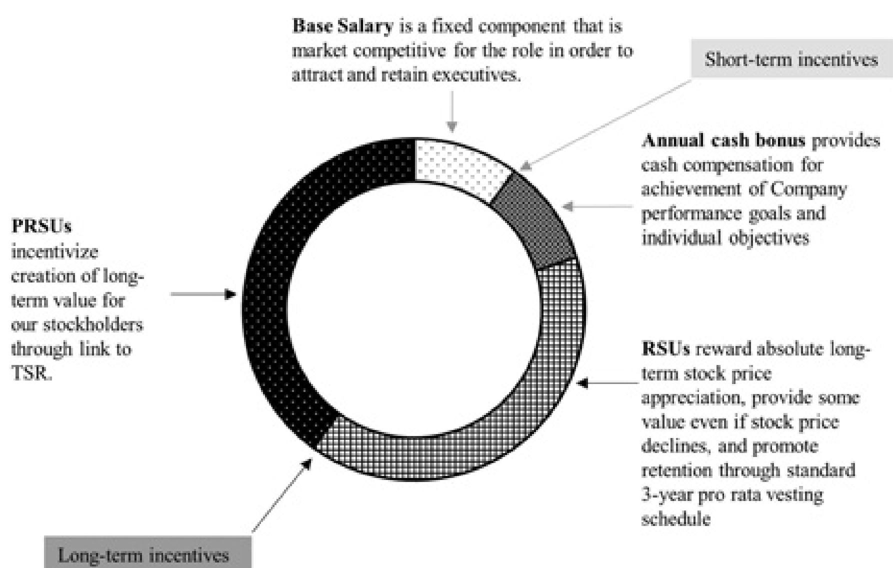
OUR NEOS' FISCAL 2016 COMPENSATION

Our NEOs for fiscal 2016 were as follows:

- **Andrew Wilson**, our Chief Executive Officer;
- **Blake Jorgensen**, our Executive Vice President and Chief Financial Officer;
- **Patrick Söderlund**, our Executive Vice President, EA Studios;
- **Peter Moore**, our Executive Vice President and Chief Competition Officer, formerly our Chief Operating Officer; and
- **Kenneth Moss**, our Executive Vice President and Chief Technology Officer.

Effective April 1, 2016, Mr. Moore transitioned from his role as Chief Operating Officer to focus exclusively on leading the Company's Competitive Gaming Division.

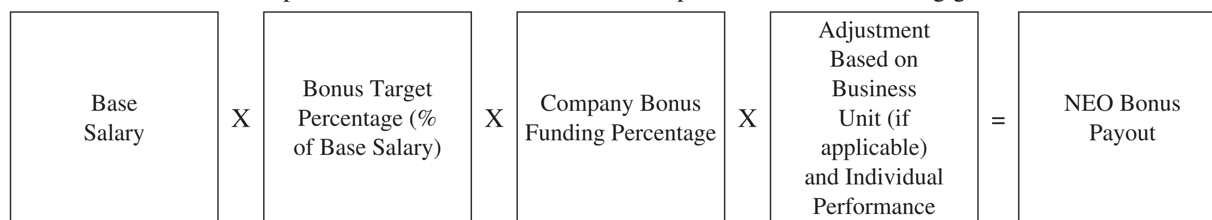
Compensation Dashboard: The Compensation Dashboard below provides a snapshot of the key elements of our fiscal 2016 and fiscal 2017 executive compensation programs and illustrates that long-term incentives constitute the overwhelming majority of our NEOs' target total direct compensation. Approximately 50% of our NEOs' target total direct compensation is performance-based, in the form of restricted stock units with performance-based vesting ("PRSUs") and the annual cash bonus, thus putting at risk a significant portion of our NEOs' target total direct compensation. Additional information about these key elements is included in the section below titled "Our Elements of Pay."



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. Base salary and bonus target percentage are set based on an assessment of various factors, including Company and individual performance, market rates for each role and internal parity.

The annual cash bonuses paid to all our NEOs are determined pursuant to the following guidelines:



Company Bonus Funding Percentage: In order to align our NEOs' bonus payouts to the performance of the Company, each NEO's bonus is tied to the bonus funding percentage applied to our overall Company bonus pool. In fiscal 2016, our non-GAAP net revenue of $4.57 billion was approximately 104% of our $4.40 billion target and reflected a 5.8% increase from our fiscal 2015 non-GAAP net revenue of 4.32 billion. Our non-GAAP diluted earnings per share of $3.14 for fiscal 2016 was approximately 114% of our $2.75 target and reflected a 25% increase from our fiscal 2015 non-GAAP earning per share of $2.51. As a result, in fiscal 2016, the Compensation Committee funded our overall Company bonus pool at 108.3% of aggregate employee target bonuses. In making this determination, the Compensation Committee considered the equal weighting of our non-GAAP net revenue and non-GAAP diluted earnings per share, which together accounted for 100% of the Company bonus funding percentage. Our bonus plans permit the Compensation Committee to exercise discretion to adjust the bonus funding percentage based on business performance criteria; however, the bonus funding percentage has been solely based on the Company's financial performance for the past two fiscal years. Appendix A to this Proxy Statement provides a calculation of non-GAAP financial measures from the Company's audited financial statements.

Business Unit and Individual Performance: The Board of Directors (in the case of Mr. Wilson) and the Compensation Committee, in consultation with Mr. Wilson and our Chief Talent Officer (in the case of all other NEOs) assessed business unit (if applicable) and individual performance as set forth below in determining the final bonus payouts.

FISCAL 2016 BASE SALARY AND CASH BONUS FOR NEOs

	Base Salary Earned in Fiscal 2016	Target Annual Bonus Award	Company Bonus Funding Percentage (108.3%)	Fiscal 2016 Cash Bonus
Mr. Wilson	$983,333	$1,475,000	$1,597,425	$2,076,653
Mr. Jorgensen	$729,167	$ 729,167	$ 789,688	$1,100,000
Mr. Söderlund[(1)]	$588,702	$ 588,702	$ 637,564	$1,085,526
Mr. Moore	$690,100	$ 686,750	$ 743,750	$ 780,000
Mr. Moss	$582,084	$ 436,563	$ 472,798	$ 615,000

(1) Mr. Söderlund resides in Stockholm, Sweden and is paid in Swedish krona ("SEK"). The amounts set forth in this table (except for Mr. Söderlund's fiscal 2016 Cash Bonus) were derived from an average of the SEK to USD exchange rates on the last day of each month during fiscal 2016. The amount set forth as Mr. Söderlund's fiscal 2016 cash bonus, which was paid on June 3, 2016, is based on the exchange rate as of May 25, 2016.

Cash bonuses represented approximately one-half of our NEOs' target total cash compensation and the same portion of our NEOs' realized total cash compensation for fiscal 2016, thus putting at risk a significant portion of our NEO's cash compensation.

Mr. Wilson, Chief Executive Officer

Base Salary & Bonus Target*:* In the first quarter of fiscal 2016, the Board of Directors increased Mr. Wilson's base salary by 11% and maintained his target bonus opportunity at 150% of his base salary. Mr. Wilson's base salary was increased as a result of his performance and the financial and operating performance of the Company during fiscal 2015 and to better align his base salary with the base salaries for CEOs in our peer group. While Mr. Wilson's resulting base salary and target total cash compensation were below the median for CEOs in our peer group, the Board of Directors determined that Mr. Wilson's aggregate compensation package (base, target bonus and equity award) was appropriate relative to his tenure in the role.

Cash Bonus: Mr. Wilson's objectives that the Board of Directors considered material in making the determination of his fiscal 2016 cash bonus and the attainment of those objectives are set forth below:

Fiscal 2016 Objectives	Target	Actual[(1)]
Non-GAAP Financial & Digital Objectives (60% weight):		
(In millions, except earnings per share and percentages)		
Net Revenue	$4,400	$4,566
Gross Profit	$3,151	$3,261
Operating Expenses	$1,986	$1,961
Diluted Earnings Per Share (based on share count of 331 million shares)	$ 2.75	$ 3.08
Operating Cash Flow	$1,150	$1,223
Strategic & Operative Objectives (40% weight):		
Console/PC Launches, Mobile Launches, New IP and Fiscal 2017 Readiness, Engagement and Organizational Health	N/A	N/A

(1) Appendix A to this Proxy Statement provides a calculation of non-GAAP financial measures from the Company's audited financial statements.

As a result of feedback from our stockholder outreach, we added a cash flow metric to the financial objectives of our NEOs' cash bonuses, including Mr. Wilson's. In determining Mr. Wilson's final cash bonus payout, the Board of Directors considered the weighting and achievement of Mr. Wilson's fiscal 2016 objectives set forth above. Factors that the Board of Directors considered in determining Mr. Wilson's individual performance included: his leadership in the success of the Company's fiscal 2016 game launches, including *FIFA 16, Star Wars: Battlefront, and Madden NFL 16*; the Company's increase in digital revenue, including in live services such as the Ultimate Team mode in several of our EA Sports titles; the success of new products and services, including mobile offerings such as *Madden NFL Mobile* and subscription programs such as EA Access and Origin Access; the development of new IP; recognizing and fostering talent within the Company and Mr. Wilson's implementation of his strategy and direction for the Company.

Mr. Jorgensen, Executive Vice President and Chief Financial Officer

Base Salary & Bonus Target: In the first quarter of fiscal 2016, the Compensation Committee increased Mr. Jorgensen's base salary by 5% and maintained his target bonus opportunity at 100% of his base salary. Mr. Jorgensen's base salary was increased as a result of his performance during fiscal 2015, including his role in improving operating margins, increasing cash provided by operations and reducing the Company's operating expenses.

Cash Bonus: To determine Mr. Jorgensen's final cash bonus payout, the Compensation Committee took into account that the Company exceeded its non-GAAP net revenue target and its non-GAAP earnings per share target in fiscal 2016, as well as Mr. Jorgensen's individual performance, including: his leadership of the Company's $1 billion investment grade bond offering and new $500 million share repurchase program; continuing to improve cash provided by operations while controlling the Company's operating expenses in the fiscal year; and communications with investors and stockholders.

Mr. Söderlund, Executive Vice President, EA Studios

Base Salary & Bonus Target: In the first quarter of fiscal 2016, the Compensation Committee increased Mr. Söderlund's base salary by 8% and maintained his target bonus opportunity at 100% of his annual base salary. Mr. Söderlund's base salary was increased as a result of his performance during fiscal 2015, including the success of products such as *Dragon Age: Inquisition* and *FIFA 15*.

Cash Bonus: To determine Mr. Söderlund's final cash bonus payout, the Compensation Committee took into account that the Company exceeded its non-GAAP net revenue target and its non-GAAP earnings per share target in fiscal 2016, as well as Mr. Söderlund's individual performance, including: his role in product quality during fiscal 2016 (including *FIFA 16* and *Madden NFL 16*); improving player satisfaction and engagement with our products; the increase in digital revenue; the development of expansion packs and additional content for *Star*

Wars: Battlefront; preparing new games for launch in fiscal 2017, including *Battlefield 1*, *Titanfall 2*, and *Mass Effect: Andromeda*; developing new IP for both console and PC games, including *Unravel*; attracting and retaining talent and his overall leadership of our EA Studios organization.

Mr. Moore, Executive Vice President, former Chief Operating Officer and current Chief Competition Officer

Mr. Moore was appointed Chief Competition Officer in December 2015. Effective April 1, 2016, Mr. Moore transitioned from his role as Chief Operating Officer to focus exclusively on leading the Company's Competitive Gaming Division.

Base Salary & Bonus Target: In the first quarter of fiscal 2016, the Compensation Committee increased Mr. Moore's base salary by 3% and maintained his target bonus opportunity at 100% of his annual base salary. Mr. Moore's base salary was increased as a result of his performance during fiscal 2015, including his role in increasing our segment share in North America and Europe and maintaining our leadership position on the PlayStation® 4 and Xbox One consoles.

Cash Bonus: To determine Mr. Moore's final cash bonus payout, the Compensation Committee took into account that the Company exceeded its non-GAAP net revenue target and its non-GAAP earnings per share target in fiscal 2016, as well as Mr. Moore's individual performance, including: his role in maintaining our leadership position on the PlayStation® 4 and Xbox One consoles; and his overall leadership of our publishing functions worldwide.

Mr. Moss, Executive Vice President and Chief Technology Officer

Base Salary & Bonus Target: In the first quarter of fiscal 2016, the Compensation Committee increased Mr. Moss' base salary by 7% and maintained his target bonus opportunity at 75% of his annual base salary. Mr. Moss' base salary was increased as a result of his performance during fiscal 2015, including the successful scaling and enhancement of the technology supporting our growing digital business; and his leadership of the strategy and vision for EA's digital platform and information technology divisions.

Cash Bonus: To determine Mr. Moss' final cash bonus payout, the Compensation Committee took into account that the Company exceeded its non-GAAP net revenue target and its non-GAAP earnings per share target in fiscal 2016, as well as Mr. Moss' individual performance, including: the successful scaling and enhancement of the technology supporting our growing digital business; his leadership of the strategy and vision for EA's digital platform and information technology divisions; and his team's support of the Company's products and services, such as ensuring the launch quality and timely delivery of the Company's fiscal 2016 games including *FIFA 16, Madden NFL 16* and *Star Wars: Battlefront.*

Equity Compensation

Equity compensation is used as a tool to hire and retain the Company's top talent. In fiscal 2016, the NEOs' annual equity awards ("Annual Awards") were targeted to be comprised of 50% RSUs with a three-year pro rata vesting schedule and 50% PRSUs with vesting tied to the Company's relative total stockholder return ("TSR"). The number of PRSUs and RSUs awarded to each NEO was determined based upon an assessment of various individual factors, including each NEO's role and tenure with the Company, individual performance, the value of unvested equity for retention considerations, the grant date fair-value of the award, competitive market practices, including benchmarking data for the position, and internal compensation alignment among our executive officers.

The following table shows the value of the Annual Awards granted to Mr. Wilson, Mr. Jorgensen, Mr. Söderlund and Mr. Moore and Mr. Moss in fiscal 2016:

FISCAL 2016 ANNUAL AWARD VALUES
FOR NEOs

	Target PRSUs[1]	RSUs[1]	Accounting Value at Grant[2]
Mr. Wilson	$6,000,000	$6,000,000	$13,617,852
Mr. Jorgensen	$3,000,000	$3,000,000	$ 6,808,926
Mr. Söderlund	$4,000,000	$4,000,000	$ 9,078,520
Mr. Moore	$1,750,000	$1,750,000	$ 3,971,790
Mr. Moss	$1,750,000	$1,750,000	$ 3,971,790

(1) Represents the value of the award approved by the Compensation Committee on May 19, 2015 and the Board of Directors on May 20, 2015, in the case of Mr. Wilson.

(2) Awards granted on June 16, 2015.

Approximately 75% of the aggregate compensation of our NEOs for fiscal 2016 was provided in the form of long-term equity.

Mr. Wilson, Chief Executive Officer

In determining the size of Mr. Wilson's Annual Award, the Board of Directors considered market data for existing CEOs, Mr. Wilson's current unvested equity holdings and Mr. Wilson's individual performance during fiscal 2015, including his leadership in the critical and financial success of the Company's game launches, including *FIFA 15, Madden NFL 15,* and *Dragon Age: Inquisition*; and the Company's increasing percentage of digital revenue as a portion of total revenue.

Mr. Jorgensen, Executive Vice President and Chief Financial Officer

In determining the size of Mr. Jorgensen's Annual Award, the Compensation Committee considered Mr. Jorgensen's current unvested equity holdings and Mr. Jorgensen's individual performance during fiscal 2015, including improvements to the Company's operating margins and cash provided by operations; his role in reducing the Company's operating expenses; and managing communications with employees and investors.

Mr. Söderlund, Executive Vice President, EA Studios

In determining the size of Mr. Söderlund's Annual Award, the Compensation Committee considered Mr. Söderlund's current unvested equity holdings, internal parity and Mr. Söderlund's individual performance during fiscal 2015, including managing the launches of our games and services on the Xbox One and the PlayStation®4; the success of products (including *FIFA 15, Madden NFL 15,* and *Dragon Age: Inquisition*); and the increase in digital revenue.

Mr. Moore, Executive Vice President, former Chief Operating Officer and current Chief Competition Officer

In determining the size of Mr. Moore's Annual Award, the Compensation Committee considered Mr. Moore's current unvested equity holdings and Mr. Moore's individual performance during fiscal 2015, including achieving a leadership position on the PlayStation® 4 and Xbox One consoles; improving our digital revenue while maintaining strong revenue performance from traditional retail channels; and his role in reducing our operating expenses during the 2015 fiscal year.

Mr. Moss, Executive Vice President and Chief Technology Officer

In determining the size of Mr. Moss' Annual Award, the Compensation Committee considered Mr. Moss' current unvested equity holdings and Mr. Moss' individual performance during fiscal 2015, including the successful scaling and enhancement of the technology supporting our growing digital business, his leadership of the strategy and vision for EA's digital platform and information technology divisions.

OUR ELEMENTS OF PAY

We believe that our compensation programs reflect our three compensation principles described under "Compensation Principles — Promoting Pay-for-Performance" and are designed to reward achievement of Company-wide financial objectives, individual operational and strategic objectives and the creation of long-term value for our stockholders, while also recognizing the dynamic and highly competitive nature of our business and the market for top executive talent. The elements of our compensation programs are set forth below:

Base Salary

On an annual basis, the Compensation 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 2016 compensation review, the Compensation Committee (and Board of Directors for Mr. Wilson) increased the base salaries of certain NEOs for fiscal 2017. As part of the process described above, effective June 1, 2016, the base salaries of our NEOs will be: Mr. Wilson, $1,100,000; Mr. Jorgensen, $765,000; Mr. Söderlund, $643,213[1]; Mr. Moore $705,000; and Mr. Moss, $625,000.

Cash Bonus Awards

Cash bonus awards for each of our NEOs, with the exception of Mr. Söderlund, were funded under the Executive Bonus Plan. Cash bonuses payable under the Executive Bonus Plan are intended to qualify as tax deductible "performance-based compensation" under Section 162(m) of the Internal Revenue Code. Mr. Söderlund's cash bonus award was funded under the EA Bonus Plan as he resides in Sweden, and his compensation is not subject to Section 162(m). At the beginning of each fiscal year, the Compensation Committee selects the Executive Bonus Plan participants and the Section 16 officer participants of the EA Bonus Plan, performance period, performance measures, and the formula used to determine maximum bonus funding. In fiscal 2016, all of our NEOs, with the exception of Mr. Söderlund, were selected to participate in this Executive Bonus Plan. The Compensation Committee approved Mr. Söderlund's participation in the EA Bonus Plan. For all NEOs, including Mr. Söderlund, the Compensation Committee selected non-GAAP net income as the performance measure because the level of profitability is a key business focus in any year. The performance period was established as fiscal 2016, and the formula to determine the maximum bonus funding for each NEO was the lower of: (1) 300% of their annual base salary or (2) 0.5% of our fiscal 2016 non-GAAP net income for each NEO other than our CEO, for whom the maximum was 1% of our fiscal 2016 non-GAAP net income. For fiscal 2016, the Company reported non-GAAP net income of $1.018 billion which resulted in a maximum bonus award funding of 300% of annual base salary for each of our NEOs.[2] The Compensation Committee then exercised its discretion to reduce actual bonus awards for each individual based on the Company's overall financial performance, the terms of the Executive Bonus Plan and EA Bonus Plan, target bonus award and individual performance against strategic and operational objectives, as discussed in "Our NEOs' Fiscal 2016 Compensation" above.

Subject to stockholder approval of Proposal 2, the Executive Bonus Plan will be amended, effective for cash bonus awards granted to our NEOs starting in fiscal 2017. If amended, the maximum bonus amount of $5 million under the Executive Bonus Plan remains unchanged; however, the cap on participants' bonus target will be increased from 150% to 200% of a participant's base salary and the cap on the bonus payment will be increased from 200% to 300% of the bonus target to provide the Compensation Committee (or our Board of Directors in the case of our CEO) increased flexibility in determining Section 16 officers' cash bonus awards. Subject to stockholder approval of Proposal 2, our Board of Directors approved an increase to Mr. Wilson's fiscal 2017 bonus target from 150% to 175% of his base salary. If stockholders do not approve Proposal 2, Mr. Wilson's bonus target for fiscal 2017 will remain 150% of his fiscal 2017 base salary. For more information on the proposed Executive Bonus Plan amendments, please refer to the information included under Proposal 2 beginning on page 50 of this Proxy Statement.

(1) This amount reflects Mr. Söderlund's base salary based on the exchange rate of SEK to the USD as of May 25, 2016.

(2) Appendix A to this Proxy Statement provides a calculation of non-GAAP financial measures from the Company's audited financial statements.

RSUs

Annual Award grants of RSUs to our NEOs vest annually over 35 months from the grant date in equal increments each May. For fiscal 2016, approximately 50% of the total value of our NEOs' Annual Awards were made in the form of RSUs.

PRSUs

The Compensation Committee grants PRSUs to Senior Vice President level employees and above as part of their annual equity awards. To encourage executive retention and to encourage our executives to focus on long-term stock price performance, the PRSUs vest over a three-year period. The number of shares earned is adjusted based upon changes in our TSR relative to the TSR of the companies in the NASDAQ-100 Index (the "Relative NASDAQ-100 TSR Percentile") measured over 12-month, 24-month cumulative and 36-month cumulative periods (each such period, a "Vesting Measurement Period"). PRSUs generally will vest upon the first, second and third anniversaries of the date of grant (which we call "Vesting Opportunities"). For fiscal 2016, half of the total value of our NEOs' Annual Awards were made in the form of PRSUs.

The illustration below depicts how the number of shares earned is calculated:

Target PRSUs	x	Relative NASDAQ-100 TSR Percentile Multiplier	=	Shares Earned

The Relative NASDAQ-100 TSR Percentile multiplier, which can range from 0% to 200%, is based on the change in our stock price during a Vesting Measurement Period (i.e., approximately the 12-month period, 24-month cumulative period and 36-month cumulative period following of the date of grant), using a 90-day trailing average stock price. If the Company's Relative NASDAQ-100 TSR Percentile is at the 60th percentile (i.e., 10% higher than the median TSR of the NASDAQ-100) at the end of a Vesting Measurement Period, 100% of target shares will be earned. The percentage of shares earned will be adjusted upward by 3% or downward by 2% for each percentile above or below the 60th percentile, respectively.

The following table illustrates the percentage of shares that could be earned from our PRSUs based on the Company's Relative NASDAQ-100 TSR Percentile.

Relative NASDAQ-100 TSR Percentile	1st to 10th	25th	40th	***60th***	75th	90th	94th to 100th
Relative NASDAQ-100 TSR Multiplier	0%	30%	60%	***100%***	145%	190%	200%

The following table illustrates the percentage of shares subject to outstanding PRSUs earned at the end of fiscal 2016:

PRSU Grant Date	**June 2013**	**June 2014**	**June 2015**
Measurement Period	Fiscal 14-16	Fiscal 15-17	Fiscal 16-18
90 day average stock price (at start of measurement period)	$20.35	$32.36	$61.26
Length of Vesting Measurement Period	3 Years	2 Years	1 Year
90 day average stock price (at end of measurement period)	$63.84		
EA's TSR	213.70%	97.30%	4.22%
EA's Relative NASDAQ-100 TSR Percentile	98th	99th	73rd
Percentage of Target Shares Earned in May 2016	**200%**	**200%**	**138%**

The number of shares earned is capped at 200% of the target shares available for vesting at a Vesting Opportunity. For example, in fiscal 2016 our TSR for PRSUs granted in June 2013 was 213.70% and our Relative NASDAQ-100 TSR Percentile for the 36-month Vesting Opportunity of those PRSUs was in the 98th percentile. Without this cap, our NEOs would have earned 213.70% of target shares from the June 2013 PRSU

grants; however after applying the cap described above, the number of shares earned from our June 2013 PRSU grant was reduced to 200% of target shares. If the Company's TSR at any Vesting Opportunity is negative on an absolute basis, the number of shares that can be earned is capped at 100% of the target regardless of the Company's Relative NASDAQ-100 TSR Percentile.

In addition, as an incentive to keep our executives focused on long-term TSR performance, our PRSU program provides an opportunity for our executives to earn shares at the second and third Vesting Opportunities that were not earned at the first and second Vesting Opportunities in an amount up to 100% of the target number of shares unearned from the previous Vesting Opportunities. These shares are earned in the event that Company's Relative NASDAQ-100 TSR Percentile subsequently improves over the cumulative 24-month and/or 36-month Vesting Measurement Periods. This feature has never been applied to PRSUs granted to our NEOs, and given our Relative NASDAQ-100 TSR Percentile in fiscal 2016, this feature will not be applicable until, at the earliest, for the PRSUs vesting in fiscal 2019.

For fiscal 2016, the Compensation Committee made a change to the PRSU design to remove the maximum payout value cap of five times the stock price on the date of grant. This design feature was originally included in the program upon its inception to reduce the accounting valuation of the awards. The Compensation Committee determined that the cap was not a market standard provision for performance award programs. Further, in light of the Company's TSR performance in recent years, the removal of the cap better aligned the interest of management with those of our stockholders.

Use of Non-GAAP Financial Measures

The Company's management team is evaluated on the basis of non-GAAP financial measures and these measures also facilitate comparisons of the Company's performance to prior periods. In connection with the evaluation of management, the Company uses certain adjusted non-GAAP financial measures when establishing performance-based bonus targets, such as non-GAAP net revenue, non-GAAP digital net revenue, non-GAAP gross profit, non-GAAP operating income, non-GAAP net income, non-GAAP diluted earnings per share and non-GAAP diluted shares. These non-GAAP financial measures exclude the following items (other than shares from the convertible bond hedge, which are included) as applicable, in a given reporting period: acquisition-related expenses, amortization of debt discount and loss on conversion of notes, change in deferred net revenue (online-enabled games), income tax adjustments, shares from convertible bond hedge and stock-based compensation, among others. In addition, for these purposes, we make further adjustments to our publicly disclosed non-GAAP measures to add back bonus expense.

OTHER COMPENSATION INFORMATION

Benefits and Retirement Plans

We provide a wide array of significant employee benefit programs to all of our regular, full-time employees, including our NEOs, 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, paid time off, and a monthly car allowance or use of a company car for employees in certain positions and locations, including in Sweden where Mr. Söderlund resides. We also offer a sabbatical program for regular full-time employees who commenced employment prior to October 7, 2009. If employees, including our NEOs, are unable to utilize their full sabbatical benefit within the eligibility period, they receive a cash payout for up to 50% of their accrued, but unused, sabbatical.

We offer retirement plans to our employees based upon their country of employment. In the United States, our employees, including our U.S.-based NEOs, are eligible to participate in a tax-qualified section 401(k) 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 2016. In Sweden, where Mr. Söderlund resides, the Company contributes to supplementary ITP occupational pension plans (the "ITP Plans") for eligible employees, which provide retirement, life insurance and disability benefits. Eligible employees above certain income thresholds also may 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

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 generally is limited to business travel. During fiscal 2016, Mr. Moss spent approximately half of his time working from Company headquarters in Redwood Shores, California and the other half working from Seattle, Washington, where he resided until he relocated to California in August 2015. We reimbursed Mr. Moss for expenses associated with regular travel between his Seattle home and Company headquarters prior to relocation and such expenses were grossed-up for taxes. These expenses and the associated tax gross-up are reported in the “All Other Compensation” column of our “Fiscal 2016 Summary Compensation Table” beginning on page 38 of this Proxy Statement. We ceased to reimburse these expenses upon Mr. Moss’ relocation to California.

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, closing costs and home sale commissions, house-hunting trips, and tax protection to offset costs incurred by our executive officers as a result of these relocations. During fiscal 2016, Mr. Moss received relocation benefits upon his relocation to California from Washington. These benefits are reported in the “All Other Compensation” column of our “Fiscal 2016 Summary Compensation Table” beginning on page 38 of this Proxy Statement.

Change of Control Arrangements and Severance

Our executive officers, including our NEOs, are eligible to participate in the Electronic Arts Inc. Key Employee Continuity Plan (the “CoC Plan”), which is a “double-trigger” change of control plan that provides our executive officers with payments and benefits if their employment is terminated in connection with a change of control. For more information on the CoC Plan, please refer to the information included under the heading “Potential Payments Upon Termination or Change of Control” beginning on page 44 of this Proxy Statement.

We also maintain an ERISA-regulated severance plan (the “Severance Plan”) that applies generally to all our U.S.-based employees. Under the Severance Plan, eligible employees may receive a cash severance payment and premiums for continued health benefits, if such benefits are continued pursuant to COBRA. Any severance arrangements with our NEOs, whether paid pursuant to the Severance Plan or otherwise, require the prior approval of the Compensation 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 CoC Plan.

Stock Ownership Holding Requirements

We maintain stock ownership holding requirements for all of our Section 16 officers. Our Section 16 officers who hold the title of senior vice president must maintain stock ownership equal to at least 1x their base salary. The stock ownership multiple increases to 2x base salary for Section 16 officers who are executive vice presidents and 5x base salary for our CEO. We test the stock ownership holding requirement on an annual basis and any Section 16 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.

As of March 31, 2016, each of our executive officers, had either met his or her then-applicable stock ownership holding requirement or had not yet reached the date on which he or she is required to meet his or her ownership requirement, which is generally 50 months from the date of hire or appointment.

Insider Trading, Anti-Hedging and Anti-Pledging Policies

We maintain an insider trading policy designed to promote compliance by all of our employees and directors with both federal and state insider trading laws. In addition, our insider trading policy prohibits our directors, executive officers and other employees from engaging in any hedging transaction or short sale of our stock or trading in any derivatives of our stock; our directors and Section 16 officers also are prohibited from pledging our stock as collateral for any loan.

Compensation Recovery

Our equity award agreements contain a provision providing that if an employee engages in fraud or other misconduct that contributes to an obligation to restate the Company's financial statements, the Compensation Committee may 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.

Tax Deductibility and Compensation Expense

When making compensation decisions for our NEOs, the Compensation Committee considers if the compensation arrangements would constitute "performance-based compensation" under Section 162(m) of the Internal Revenue Code. However, the applicability of Section 162(m) is not the primary factor in determining appropriate levels or modes of compensation and the Compensation Committee may enter into compensation arrangements under which payments are not deemed "performance-based compensation" under Section 162(m).

Risk Considerations

The Compensation Committee considers, in establishing and reviewing our compensation program, whether the program encourages unnecessary or excessive risk taking and has concluded that it does not. See the section of this Proxy Statement entitled "Oversight of Risk Issues" above for an additional discussion of risk considerations.

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 SEC nor shall this information be incorporated by reference into any future filing under the Securities Act or the Exchange Act except to the extent that EA specifically incorporates it by reference into a filing.

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

COMPENSATION COMMITTEE MEMBERS

Jay C. Hoag (Chair)

Leonard Coleman

FISCAL 2016 SUMMARY COMPENSATION TABLE

The following table shows information concerning the compensation earned by or awarded to our Chief Executive Officer, our Chief Financial Officer, and our next three most highly compensated executive officers for fiscal 2016, fiscal 2015 and, where applicable, fiscal 2014. 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 ($)
ANDREW WILSON	2016	1,019,231	—	13,617,852(5)(6)	—	2,076,653	16,971	16,730,707
Chief Executive Officer	2015	880,769	—	6,696,870	1,999,996	2,000,000	55,255	11,632,890
	2014	674,038	—	3,896,250	8,607,400	780,474	17,219	13,975,381
BLAKE JORGENSEN	2016	756,538	—	6,808,926(5)(7)	—	1,100,000	17,287	8,682,751
Executive Vice President,	2015	694,231	—	2,929,842	874,996	1,216,250	16,759	5,732,078
Chief Financial Officer	2014	666,154	—	9,766,750	—	840,000	16,424	11,289,328
PATRICK SÖDERLUND(8)	2016	588,702	—	9,078,520(5)(9)	—	1,085,526	108,118	10,860,866
Executive Vice President,	2015	642,646	—	5,022,628	1,500,000	1,178,780	141,611	8,485,665
EA Studios	2014	634,518	—	3,896,250	—	725,000	95,983	5,351,751
PETER MOORE	2016	712,777	—	3,971,790(5)(10)	—	780,000	18,332	5,482,899
Executive Vice President,	2015	666,154	—	2,511,296	750,000	1,050,000	16,718	4,994,168
Chief Competition Officer	2014	646,154	—	3,376,750	—	685,000	24,965	4,732,869
KENNETH MOSS	2016	603,731	—	3,971,790(5)(11)	—	615,000	152,767	5,343,288
Executive Vice President, Chief Technology Officer	2015	365,962	170,000	4,999,990	1,499,999	425,391	75,237	7,536,579

(1) Represents the aggregate grant date fair value of RSUs and PRSUs granted in those years. Grant date fair value is determined for financial statement reporting purposes and the amounts shown may not reflect the actual value realized by the recipient. For RSUs, grant date fair value is calculated using the closing price of our common stock on the grant date. Refer to footnote 5 below for a discussion of the fair value calculation for PRSUs. 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 Annual Report. For additional information regarding the specific terms of the RSUs granted to our NEOs in fiscal 2016, see the "Fiscal 2016 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 Annual Report.

(3) Represents amounts awarded under the Executive Bonus Plan for fiscal 2016, 2015 and 2014, in addition to amounts awarded to Mr. Söderlund under the EA Bonus Plan in fiscal 2016. For additional information about the bonuses paid to our NEOs in fiscal 2016, see "Our NEOs' Fiscal 2016 Compensation and "Cash Bonus Awards" in the "Compensation Discussion and Analysis" above.

(4)

All Other Compensation Table

Name	Fiscal Year	Insurance Premiums ($)[A]	Retirement Benefits ($)[B]	Other ($)	Tax Gross-Up ($)	Total ($)
ANDREW WILSON	2016	1,071	15,900	—	—	16,971
	2015	1,118	15,600	38,462	75	55,255
	2014	1,919	15,300	—	—	17,219
BLAKE JORGENSEN	2016	1,071	15,900	—	316[C]	17,287
	2015	1,118	15,600	—	41	16,759
	2014	1,124	15,300	—	—	16,424
PATRICK SÖDERLUND	2016	783	55,957	51,378[D]	—	108,118
	2015	702	68,797	62,204	9,908	141,611
	2014	791	32,142	63,050	—	95,983
PETER MOORE	2016	1,071	15,900	—	1,361[E]	18,332
	2015	1,118	15,600	—	—	16,718
	2014	6,149	15,300	—	3,516	24,965
KENNETH MOSS	2016	1,071	15,900	98,002[F]	37,794[G]	152,767
	2015	839	—	37,923	36,475	75,237

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

(B) Amounts shown for Messrs. Wilson, Jorgensen, Moore and Moss reflect Company-matching 401(k) contributions for fiscal years 2014, 2015 and 2016, paid during each subsequent year. The amount shown for Mr. Söderlund reflects Company contributions during fiscal 2014, 2015 and 2016 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. Jorgensen for video game merchandise from the Company store.

(D) Includes car payments, paid time off and expired paid time off.

(E) Represents the aggregate value of taxes paid on behalf of Mr. Moore for costs incurred in connection with a Company sponsored team event and for video game merchandise from the Company store.

(F) Represents amounts reimbursed to Mr. Moss or paid on his behalf in connection with commuting expenses between his home in Seattle, Washington and Company headquarters in Redwood Shores, California ($26,529), relocation assistance ($43,757) and tax advice and preparation assistance ($27,716).

(G) Represents the aggregate value of taxes paid on behalf of Mr. Moss for video game merchandise from Company store, videogame credits, Company paid or reimbursed commuting expenses between his home in Seattle, Washington and Company headquarters in Redwood Shores, California ($32,753) and costs incurred in connection with attending the Super Bowl with business partners.

(5) Includes the aggregate grant date fair value of PRSUs 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 PRSUs, 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 PRSUs, see Note 15, “Stock-Based Compensation and Employee Benefit Plans,” to the Consolidated Financial Statements in our Annual Report. The PRSUs granted to our NEOs in fiscal 2016 are referred to as “Market-Based Restricted Stock Units” in Note 15. For additional information regarding the specific terms of the PRSUs granted to our NEOs in fiscal 2016, see the discussion of “PRSUs” in the “Compensation Discussion & Analysis” above and the “Fiscal 2016 Grants of Plan-Based Awards Table” below.

(6) Represents the aggregate grant date fair value of 95,450 RSUs granted to Mr. Wilson in fiscal 2016 of $5,999,987 and the grant date fair value of the target payout of 95,450 PRSUs granted to Mr. Wilson in fiscal 2016 of $7,617,865. 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 $11,999,974, which is based on the maximum vesting of 190,900 PRSUs multiplied by the closing price of our common stock on the date of grant of $62.86.

(7) Represents the aggregate grant date fair value of 47,725 RSUs granted to Mr. Jorgensen in fiscal 2016 of $2,999,994 and the grant date fair value of the target payout of 47,725 PRSUs granted to Mr. Jorgensen in fiscal 2016 of $3,808,932. 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 $5,999,987, which is based on the maximum vesting of 95,450 PRSUs multiplied by the closing price of our common stock on the date of grant of $62.86.

(8) Mr. Söderlund is based in Stockholm, Sweden and was paid in Swedish krona. The cash amounts reported as salary, all other compensation and non-equity incentive plan compensation for our 2014 fiscal year were converted to U.S. dollars based on the spot exchange rate as of the end of our 2014 fiscal year. The amounts reported as salary and all other compensation for Mr. Söderlund in fiscal 2015 and fiscal 2016 were derived from an average of the Swedish krona to U.S. dollar exchange rates on the last day of each month during fiscal 2015 and fiscal 2016. The amount reported as non-equity incentive plan compensation for Mr. Söderlund in fiscal 2016 is based on the Swedish krona to U.S. dollar exchange rate as of May 25, 2016.

[9] Represents the aggregate grant date fair value of 63,633 RSUs granted to Mr. Söderlund in fiscal 2016 of $3,999,970 and the grant date fair value of the target payout of 63,633 PRSUs granted to Mr. Söderlund in fiscal 2016 of $5,078,550. 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 $7,999,941, which is based on the maximum vesting of 127,266 PRSUs multiplied by the closing price of our common stock on the date of grant of $62.86.

[10] Represents the aggregate grant date fair value of 27,839 RSUs granted to Mr. Moore in fiscal 2016 of $1,749,960 and the grant date fair value of the target payout of 27,839 PRSUs granted to Mr. Moore in fiscal 2016 of $2,221,831. 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 $3,499,919, which is based on the maximum vesting of 55,678 PRSUs multiplied by the closing price of our common stock on the date of grant of $62.86.

[11] Represents the aggregate grant date fair value of 27,839 RSUs granted to Mr. Moss in fiscal 2016 of $1,749,960 and the grant date fair value of the target payout of 27,839 PRSUs granted to Mr. Moss in fiscal 2016 of $2,221,831. 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 $3,499,919, which is based on the maximum vesting of 55,678 PRSUs multiplied by the closing price of our common stock on the date of grant of $62.86.

FISCAL 2016 GRANTS OF PLAN-BASED AWARDS TABLE

The following table shows information regarding non-equity incentive and equity plan-based awards granted to our NEOs during fiscal 2016.

Name	Grant Date	Approval Date[1]	Estimated Future Payouts Under Non- Equity Incentive Plan Awards[2] Target ($)	Estimated Future Payouts Under Non- Equity Incentive Plan Awards[2] Maximum ($)	Estimated Future Payouts Under Equity Incentive Plan Awards[3] Target (#)	Estimated Future Payouts Under Equity Incentive Plan Awards[3] Maximum (#)	All Other Stock Awards: Number of Shares of Stock or Units (#)[4]	Grant Date Fair Value of Stock Awards ($)[5]
Andrew Wilson								
Annual Bonus Opportunity	—	—	1,475,000	2,950,000	—	—	—	—
PRSUs	6/16/2015	5/19/2015	—	—	95,450	190,900	—	7,617,865
RSUs	6/16/2015	5/19/2015	—	—	—	—	95,450[6]	5,999,987
Blake Jorgensen								
Annual Bonus Opportunity	—	—	729,167	1,458,334	—	—	—	—
PRSUs	6/16/2015	5/19/2015	—	—	47,725	95,450	—	3,808,932
RSUs	6/16/2015	5/19/2015	—	—	—	—	47,725[6]	2,999,994
Patrick Söderlund								
Annual Bonus Opportunity	—	—	588,702	1,766,106	—	—	—	—
PRSUs	6/16/2015	5/19/2015	—	—	63,633	127,266	—	5,078,550
RSUs	6/16/2015	5/19/2015	—	—	—	—	63,633[6]	3,999,970
Peter Moore								
Annual Bonus Opportunity	—	—	686,750	1,373,500	—	—	—	—
PRSUs	6/16/2015	5/19/2015	—	—	27,839	55,678	—	2,221,831
RSUs	6/16/2015	5/19/2015	—	—	—	—	27,839[6]	1,749,960
Kenneth Moss								
Annual Bonus Opportunity	—	—	436,563	873,126	—	—	—	—
PRSUs	6/16/2015	5/19/2015	—	—	27,839	55,678	—	2,221,831
RSUs	6/16/2015	5/19/2015	—	—	—	—	27,839[6]	1,749,960

(1) Each grant was approved on the approval date indicated above by our Compensation Committee or the Board of Directors, where applicable, for grant on the specific grant date indicated above.

(2) The amounts shown represent the target and maximum amount of cash bonus plan awards provided for under the Executive Bonus Plan for all NEOs other than Mr. Söderlund who participates in the EA Bonus Plan. The target amounts are pre-established as a percentage of salary and the maximum amounts represent the greatest payout that could be made under the Executive Bonus Plan or the EA Bonus Plan, as applicable. For Mr. Söderlund, the cash bonus amounts were converted to U.S. dollars derived from an average of the Swedish krona to U.S. dollar exchange rates on the last day of each month during fiscal 2016. For more information regarding the bonuses paid to our NEOs in fiscal 2016 and an explanation of the amount of salary and bonus in proportion to total compensation, see the sections titled "Our NEOs' Fiscal 2016 Compensation" and "Our Elements of Pay" in the "Compensation Discussion and Analysis" above.

(3) Represents awards of PRSUs granted under our EIP. The PRSUs granted to our NEOs in fiscal 2016 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 Annual Report. The PRSUs vest over a full three year period. The number of PRSUs that vest is adjusted based on EA's Relative NASDAQ-100 TSR Percentile measured over 12-month, 24-month cumulative and 36-month cumulative periods. For additional information regarding the specific terms of the PRSUs granted to our NEOs in June 2015, see the discussion of "PRSUs" in the "Compensation Discussion and Analysis" above. Upon vesting, each PRSU 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 granted under our EIP. Upon vesting, each RSU automatically converts into one share of EA common stock. RSUs are granted for no consideration and do not expire. The RSUs do not have voting rights and are not entitled to receive dividends, if any, paid by EA on its common stock.

(5) For grants of RSUs, 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 PRSUs, represents the aggregate grant date fair value of the award. 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 Annual Report.

(6) RSUs vested as to one-third of the units on May 16, 2016 and will vest as to one-third of the units on each of May 16, 2017, and May 16, 2018.

OUTSTANDING EQUITY AWARDS AT FISCAL 2016 YEAR-END

The following tables show information regarding outstanding stock options, RSUs and PRSUs held by our NEOs as of the end of fiscal 2016.

All stock options, RSUs and PRSUs were granted pursuant to our EIP. The market value of the unvested RSUs and PRSUs is determined by multiplying the number of unvested RSUs by $65.92, the closing price of the Company's common stock on April 1, 2016, the last trading day of fiscal 2016. For the PRSUs, as described in the footnotes to the Outstanding Stock Awards table below, the number of shares and their value assumes the achievement of maximum 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**
Andrew Wilson	10/31/2013	580,000	420,000[(1)]	26.25	10/31/2023
	6/16/2014	55,463	110,926[(2)]	35.70	6/16/2024
Blake Jorgensen	6/16/2014	24,265	48,530[(3)]	35.70	6/16/2024
Patrick Söderlund	6/16/2014	33,278	83,195[(4)]	35.70	6/16/2024
Peter Moore	6/16/2014	20,798	41,598[(5)]	35.70	6/16/2024
Kenneth Moss	7/16/2014	40,950	81,900[(6)]	37.12	7/16/2024

(1) Stock options cliff vested as to 240,000 shares on November 1, 2014 and the remaining options vest as to 20,000 of the options on the first day of each month thereafter until the option is fully vested.

(2) Stock options vested as to 55,463 shares on May 16, 2015 and the remaining 110,926 options vest in equal installments on May 16, 2016 and on May 16, 2017.

(3) Stock options vested as to 24,265 shares on May 16, 2015 and the remaining 48,530 options vest in approximately equal installments on May 16, 2016 and May 16, 2017.

(4) Stock options vested as to 41,597 shares on May 16, 2015 and the remaining 83,195 options vest in equal installments on May 16, 2016 and May 16, 2017.

(5) Stock options vested as to 20,798 shares on May 16, 2015 and the remaining 41,598 options vest in equal installments on May 16, 2016 and May 16, 2017.

(6) Stock options vested as to 40,950 shares on July 16, 2015 and the remaining 81,900 options vest in equal installments on July 16, 2016 and July 16, 2017.

Name	Grant Date	Outstanding Stock Awards: Time-Based Vesting Awards		Performance-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 ($)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)
Andrew Wilson	6/17/2013	—	—	50,000[1]	3,296,000
	6/16/2014	—	—	74,696[1]	4,923,960
	6/16/2015	—	—	190,900[1]	12,584,128
	6/17/2013	25,000[2]	1,648,000	—	—
	6/16/2014	74,696[2]	4,923,960	—	—
	6/16/2015	95,450[2]	6,292,064	—	—
Blake Jorgensen	6/17/2013	—	—	43,334[1]	2,856,577
	6/16/2014	—	—	32,679[1]	2,154,200
	6/16/2015	—	—	95,450[1]	6,292,064
	9/17/2012	50,000[3]	3,296,000	—	—
	6/17/2013	21,667[2]	1,428,289	—	—
	2/18/2014	225,000[4]	14,832,000	—	—
	6/16/2014	32,680[2]	2,154,266	—	—
	6/16/2015	47,725[2]	3,146,032	—	—
Patrick Söderlund	6/17/2013	—	—	50,000[1]	3,296,000
	6/16/2014	—	—	56,022[1]	3,692,970
	6/16/2015	—	—	127,266[1]	8,389,375
	6/17/2013	25,000[2]	1,648,000	—	—
	6/16/2014	56,022[2]	3,692,970	—	—
	6/16/2015	63,633[2]	4,194,687	—	—
Peter Moore	6/17/2013	—	—	43,334[1]	2,856,577
	6/16/2014	—	—	28,011[1]	1,846,485
	6/16/2015	—	—	55,678[1]	3,670,294
	6/17/2013	21,667[2]	1,428,289	—	—
	6/16/2014	28,011[2]	1,846,485	—	—
	6/16/2015	27,839[2]	1,835,147	—	—
Kenneth Moss	6/16/2015	—	—	55,678[1]	3,670,294
	7/16/2014	53,880[5]	3,551,770	—	—
	6/16/2015	27,839[2]	1,835,147	—	—

(1) For purposes of this table, represents PRSUs at the maximum achievement level of 200% of target for June 2013, June 2014 and June 2015 PRSU grants. The number of PRSUs that vest is based on EA's Relative NASDAQ-100 TSR Percentile. For additional information regarding the specific terms of the PRSUs granted to our NEOs, see the discussion of "PRSUs" in the "Compensation Discussion and Analysis" above.

(2) Represents an award of RSUs that vested or will vest as to one-third of the units one month prior to each of the first three anniversaries of the grant date.

(3) Represents an award of RSUs that vested or will vest as to one-fourth of the units on each of the first four anniversaries of the grant date.

(4) RSUs that vest as to 100% of the units on February 18, 2017.

(5) Represents an award of RSUs that vested as to 25% of the units on January 16, 2015, and as to 35% on July 16, 2015 and will vest as to 20% on each of July 16, 2016 and July 16, 2017.

FISCAL 2016 OPTION EXERCISES AND STOCK VESTED TABLE

The following table shows all stock options exercised and value realized upon exercise, as well as all RSUs and PRSUs vested and value realized upon vesting by our NEOs during fiscal 2016.

	Option Awards		Stock Awards	
Name	**Number of Shares Acquired on Exercise (#)**	**Value Realized on Exercise ($)[1]**	**Number of Shares Acquired on Vesting (#)[2]**	**Value Realized on Vesting ($)[3]**
Andrew Wilson	—	—	449,696	28,274,636
Blake Jorgensen	—	—	147,678	9,655,504
Patrick Söderlund	78,319	3,902,893	431,021	27,100,445
Peter Moore	237,411	2,146,661	168,010	10,563,629
Kenneth Moss	—	—	47,144	3,417,940

(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 2016.

(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

Our NEOs participate in the Electronic Arts Inc. Key Employee Continuity Plan (the "CoC Plan"). The CoC Plan is a "double-trigger" plan, which provides those serving as Vice Presidents and above with 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 or their employment is terminated without "cause" during the two-month period preceding a change of control of the Company. The CoC Plan payments and benefits include a cash severance payment, continued health benefits for up to 18 months and full vesting of all outstanding and unvested equity awards (other than performance-based awards, the vesting of which is described below).

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 ("Section 280G"). 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 our NEOs' right to receive the payments and benefits provided under the CoC Plan, the NEO 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.

PRSUs

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 the Company prior to the expiration of the three-year Vesting Measurement Period, the Company's Relative NASDAQ-100 TSR Percentile as of the effective date of the change of control will be applied to determine the number of shares that vest at each remaining Vesting Opportunity in the three-year Vesting Measurement Period. If the NEO is terminated without "cause" or resigns for "good reason" prior to the first anniversary of the change of control, the PRSUs will accelerate upon the date on which the NEO is terminated or resigns. If the NEO is terminated without cause in the two months preceding the change of control (and the Compensation Committee determines the termination was made in connection with the change in control), the PRSUs will accelerate upon the date on which the NEO is terminated. The reduction of the recipient's awards in respect of Section 280G is applied in the same manner with respect to PRSUs as under the CoC Plan.

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 April 1, 2016, the last business day of fiscal 2016. The closing price of our common stock on April 1, 2016 (the last trading day of fiscal 2016) was $65.92.

Name	Cash Severance Award ($)(1)	Stock Options ($)(2)	RSUs ($)(3)	PRSUs ($)(4)	Other ($)(5)	Total ($)
Andrew Wilson	2,975,000	20,013,584	12,864,024	16,903,009	130,642	52,886,259
Blake Jorgensen	2,196,251	1,466,577	24,856,586	9,352,367	94,192	37,965,973
Patrick Söderlund	1,913,048	2,514,153	9,535,658	12,777,639	104,602	26,845,100
Peter Moore	2,065,275	1,257,092	5,109,921	7,235,631	91,346	15,759,265
Kenneth Moss	1,537,595	2,358,720	5,386,916	2,532,503	76,192	11,891,926

(1) Represents the sum of each NEO's annual base salary as of April 1, 2016 and target cash bonus for fiscal 2016, respectively, multiplied by 1.5 with respect to Messrs. Wilson, Jorgensen, Söderlund, Moore and Moss.

(2) Represents unvested outstanding options that would accelerate and vest on a qualifying termination in connection with a change of control occurring as of April 1, 2016.

(3) Represents the value of unvested RSUs that would accelerate and vest on a qualifying termination of employment in connection with a change of control occurring on April 1, 2016 as calculated by multiplying the number of RSUs that would accelerate by the closing price of our common stock on April 1, 2016.

(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 April 1, 2016. For purposes of the table, we have used EA's Relative NASDAQ-100 TSR Percentiles as of April 1, 2016, which was in the 98th percentile with respect to PRSUs granted in June 2013, the 99th percentile with respect to PRSUs granted in June 2014 and the 73rd percentile with respect to PRSUs granted in June 2015. Based on these Relative NASDAQ-100 TSR Percentiles, the PRSUs granted to Messrs. Wilson, Jorgensen, Moore and Söderlund in June 2013 and June 2014 would accelerate and vest as to 200% of the target number of shares for each remaining vest date in the performance period, and the PRSUs granted to Messrs. Wilson, Jorgensen, Moore, Söderlund and Moss in June 2015, respectively, would each accelerate and vest as to 138% of the target number of shares for each remaining vest date in their respective performance periods.

(5) Includes 18 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 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 EIP and the ESPP. In addition, we assumed a plan in connection with our acquisition of VG Holding Corp. in 2008 as described in footnote (1) below.

The following table and related footnotes gives aggregate information regarding grants under all of our equity incentive plans as of the end of fiscal 2016.

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	11,706,337[2]	$35.09[3]	20,415,658[4]
Total	11,706,337[5]		20,415,658

(1) The table does not include information for an equity incentive plan we assumed in connection with our acquisition of VG Holding Corp. in 2008. As of April 2, 2016, a total of 408 shares were issuable upon exercise of outstanding options under the VG Holding Corp. 2005 Stock Incentive Plan, as amended (the "VGH Plan") with a weighted-average exercise price of $58.14. No further grants will be made under the VGH Plan.

(2) Includes (a) 3,278,031 shares of common stock issuable upon exercise of outstanding options under the EIP, with a weighted-average exercise price of $35.09; and (b) 8,428,306 unvested restricted stock awards outstanding under the EIP.

(3) RSUs and PRSUs do not have an exercise price and therefore are not included in the calculation of the weighted-average exercise price.

(4) Includes (a) 15,230,763 shares available for issuance under the EIP and (b) 5,184,895 shares available for purchase by our employees under the ESPP. Each RSU and PRSU granted reduces the number of shares available for issuance under our EIP by 1.43 shares and each stock option granted reduces the number of shares available for issuance under our EIP by 1 share.

(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 11,706,745.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table shows, as of May 27, 2016, the number of shares of our common stock owned by our directors, NEOs, 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 27, 2016, there were 301,503,379 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]
Vanguard Group Inc.[4]	26,549,278	—	8.81%
FMR LLC[5]	26,237,290	—	8.7%
Jay C. Hoag[6]	7,022,546	11,872	2.33%
Lawrence F. Probst III[7]	727,121	92,961	*
Andrew Wilson	272,581	750,926	*
Patrick Söderlund	170,773	41,597	*
Peter Moore	137,732	41,597	*
Blake Jorgensen	129,900	48,530	*
Jeffrey T. Huber	68,061	31,472	*
Kenneth Moss	59,825	108,840	*
Richard A. Simonson	23,240	60,041	*
Leonard S. Coleman	14,496	52,269	*
Denise F. Warren	12,595	11,872	*
Vivek Paul	1,615	48,169	*
Luis A. Ubiñas	—	53,241	*
Talbott Roche[8]	—	—	*
All executive officers and directors as a group (21) persons[9]	8,941,816	1,477,513	3.46%

* Less than 1%

(1) Unless otherwise indicated in the footnotes, includes shares of common stock for which the named person has sole or shared voting and investment power. This column excludes shares of common stock that may be acquired through stock option exercises, which are included in the column "Right to Acquire."

(2) Includes (a) shares of common stock that may be acquired through stock option exercises within 60 days of May 27, 2016, (b) in the case of each of Messrs. Paul and Simonson, reflects 48,169 RSUs that have vested but have been deferred, (c) in the case of Mr. Coleman, reflects 43,869 RSUs that have vested but have been deferred, and (d) in the case of Mr. Ubiñas, reflects 41,369 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 27, 2016.

(4) As of March 31, 2016, based on information contained in a report on Form 13F-HR filed with the SEC on May 13, 2016 by Vanguard Group Inc. The address for Vanguard Group Inc. is PO Box 2600, V26, Valley Forge, PA 19482-2600.

(5) As of March 31, 2016, based on information contained in a report on Form 13F-HR filed with the SEC on May 16, 2016 by FMR LLC. The address for FMR LLC is 245 Summer Street, Boston, MA 02210.

(6) Represents 7,022,546 shares of common stock held by entities affiliated with Technology Crossover Ventures as follows: (i) 5,540 shares of common stock held by TCV Management 2004, L.L.C. ("TCV Management 2004"), (ii) 5,540 shares of common stock held by TCV VI Management, L.L.C. ("TCV VI Management"), (iii) 18,343 shares of common stock held by TCV VII Management, L.L.C. ("TCV VII Management," and together with TCV Management 2004 and TCV VI Management, the "Management Companies"), (iv) 1,191,858 shares of common stock held by TCV V, L.P., (v) 1,205,562 shares of common stock held by TCV VI, L.P., (vi) 2,940,098 shares of common stock held by TCV VII, L.P., (vii) 1,526,864 shares of common stock held by TCV VII (A), L.P., (viii) 57,893 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"), (ix) 52,621 shares held by the Hoag Family Trust U/A Dtd 8/2/94 (the "Hoag Family Trust"), and (x) 18,227 shares held by Hamilton Investments Limited Partnership. Mr. 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. Mr. Hoag is a trustee of Hoag Family Trust and a general partner and limited partner of Hamilton Investments Limited Partnership, but disclaims beneficial ownership of the shares held or beneficially owned by such entities except to the extent of his pecuniary interest therein.

Technology Crossover Management V, L.L.C. ("TCM V") is the general partner of TCV V, L.P. Technology Crossover Management VI, L.L.C. ("TCM VI") is the general partner of TCV VI, L.P. Technology Crossover Management VII, Ltd. ("Management VII") is the general partner of Technology Crossover Management VII, L.P. ("TCM VII"), which, in turn, is the general partner of each of TCV VII, L.P. and TCV VII (A), L.P. Each of TCM V, TCM VI and Management VII is a general partner of TCV Member Fund, L.P. Mr. Hoag is a Class A Member of each of TCM V and TCM VI and a Class A Director of Management VII as well as a limited partner of each of TCM VII and TCV Member Fund, L.P. Together with the other Class A Members or Class A Directors, as applicable, Mr. Hoag shares voting and dispositive power with respect to the TCV Funds. Mr. Hoag, TCM V, TCM VI and Management VII disclaim beneficial ownership of any shares held by the TCV Funds except to the extent of their respective pecuniary interests 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.

(7) Includes 16,669 shares of common stock held directly by Mr. Probst, 58,590 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 29,295 shares are held in trust for Scott Probst; 16,669 shares of common stock held by Mr. Probst's spouse; 468,013 shares of common stock held by the Probst Family L.P. of which Mr. Probst is a partner; and 161,611 shares of common stock held by the Lawrence & Nancy Probst Family Trust.

(8) Ms. Roche was appointed to EA's Board of Directors on June 6, 2016.

(9) Includes all executive officers and directors of EA as of the date of this filing.

PROPOSALS TO BE VOTED ON

PROPOSAL 1: ELECTION OF DIRECTORS

At the Annual Meeting, stockholders will elect ten 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. For additional information regarding the nominees and our corporate governance practices, including our director resignation policies, please see the sections of this Proxy Statement entitled "2016 Proxy Statement Summary and Highlights," "Commonly Asked Questions and Answers" and "Board of Directors and Corporate Governance."

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
- Andrew Wilson

In addition, the Board of Directors has nominated Talbott Roche to stand for election at the Annual Meeting for the first time.

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

Required Vote

The 2016 election of directors will be uncontested. Accordingly, EA's Amended and Restated Bylaws provide that in an uncontested election of directors each nominee must 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. Shares represented by your proxy will be voted by the proxy holders "for" the election of the ten 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.

PROPOSAL 2: APPROVAL OF AMENDMENTS TO OUR EXECUTIVE BONUS PLAN

The Electronic Arts Inc. Executive Bonus Plan (the "Executive Bonus Plan") was originally approved by our stockholders on May 16, 2012. It provides certain employees of EA with incentive compensation based on the level of achievement of the financial, business and other performance criteria. The Executive Bonus Plan is intended to permit the payment of bonuses that may qualify as "performance-based compensation" under Section 162(m) of the Code. For more information regarding the Executive Bonus Plan, please refer to the summary of its material terms, as proposed to be amended, included as Appendix B of this Proxy Statement, and the full text of the Executive Bonus Plan, as proposed to be amended, filed with the SEC on June 10, 2016.

Our stockholders are requested to approve the amendments to the Executive Bonus Plan. However, if the Executive Bonus Plan amendments are not approved by stockholders, the terms of the originally approved Executive Bonus Plan will continue to apply to the fiscal 2017 bonus payments.

We are proposing an amendment to the Executive Bonus Plan that would:

- ***Increase the percentage of a participant's base salary for the bonus target cap.***

  The maximum bonus payment any participant may receive in any fiscal year remains unchanged at $5,000,000. Currently, the Executive Bonus Plan caps the bonus target at 150% of a participant's base salary. The Board of Directors recommends amending the Executive Bonus Plan to increase the bonus target cap to 200% of a participant's base salary. The amended cap will give the Compensation Committee, or our Board of Directors in the case of our CEO, more flexibility to set bonus targets to reflect the financial performance of the Company within the limit of the maximum bonus payment previously approved by the stockholders.

- ***Increase the bonus payment cap.***

  The bonus payment made to each individual participant is currently capped at 200% of a participant's bonus target for a fiscal year. The Board of Directors recommends amending the Executive Bonus Plan to increase the bonus payment cap to 300% of a participant's bonus target. The amended bonus payment cap will give the Compensation Committee the necessary flexibility to reward performance for extraordinary financial results within the limit of the maximum bonus payment previously approved by the stockholders.

- ***We are also proposing re-approval of the material terms of the performance goal criteria for awards granted under the Executive Bonus Plan.***

  The Board of Directors recommends the re-approval of the material terms of the performance goals under the Executive Bonus Plan for the purpose of preserving its ability to deduct compensation earned by participants under the Executive Bonus Plan. To enable performance-based compensation paid under the Executive Bonus Plan to constitute "qualified performance-based" compensation within the meaning of Section 162(m) of the Code, the stockholders of the Company are required to re-approve the material terms of the performance goals every five years.

  The material terms of the performance goals under the Executive Bonus Plan include (i) the employees eligible to receive the performance-based compensation, (ii) the performance criteria under which the performance-based compensation will be determined, and (iii) the maximum amount of performance-based compensation that could be paid to any participant in a fiscal year. These provisions are set forth in the Executive Bonus Plan under sections 2(c),(d),(e),(k),(l),(m), 3 and 7 (the full text of the Executive Bonus Plan, as proposed to be amended, was filed with the SEC on June 10, 2016). They are also described in the material summary of the Executive Bonus Plan set forth in Appendix B of this Proxy Statement

New Plan Benefits

Awards under the Executive Bonus Plan are determined based on actual future performance. The maximum bonus payment that any participant may receive is $5,000,000 during any fiscal year. For fiscal 2016, we paid bonuses to certain of our NEOs pursuant to the terms of the Executive Bonus Plan. See "Cash Bonus Awards" in the "Compensation Discussion and Analysis" and the "Fiscal 2016 Summary Compensation" table below for a

description of bonuses paid to our NEOs in fiscal 2016. In May 2016, the Compensation Committee (and our Board of Directors in the case of our CEO) approved the participants and performance goals for funding the Executive Bonus Plan for fiscal 2017, contingent upon stockholder approval of the Executive Bonus Plan amendments. If approved, the maximum bonus payment for each participating executive officer for fiscal 2017 will be the lower of: (1) 300% of their bonus target, or (2) $5,000,000. Subject to stockholder approval of this proposal, our Board of Directors also approved a fiscal 2017 bonus target for our CEO of 175% of his base salary. If this proposal, which provides for an amendment to the Executive Bonus Plan to increase the bonus target cap to 200% of a participant's base salary, is not approved, our CEO's fiscal 2017 bonus target will remain 150% of his base salary.

The Board of Directors recommends a vote FOR approval of the amendments to the Executive Bonus Plan and re-approval of the material terms of performance-based compensation provided for in the Executive Bonus Plan.

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.

PROPOSAL 3: APPROVAL OF AMENDMENTS TO OUR 2000 EQUITY INCENTIVE PLAN

Our 2000 Equity Incentive Plan, as amended (the "EIP"), was originally approved by our stockholders on March 22, 2000. The EIP provides equity incentives to eligible employees and directors to attract, retain and motivate individuals whose present and potential contributions are important to the success of EA. Since the EIP's adoption, 138,865,000 shares of common stock have been reserved for issuance. For more information regarding the EIP, please read the summary of its material terms, as proposed to be amended, included as Appendix C of this Proxy Statement and the full text of the EIP, as proposed to be amended, filed with the SEC on June 10, 2016.

We are proposing amendments to the EIP that would:

- ***Increase the number of shares authorized under the EIP by 12,900,000 shares to a total of 151,765,000 shares.***

  We believe that alignment of the interests of our stockholders and our employees and directors is best advanced through the issuance of equity incentives as a portion of their total compensation package. In this way, we reinforce the link between our stockholders and our employees' and directors' focus on personal responsibility, creativity and stockholder returns. Equity incentives such as RSUs also play an important role in our recruitment and retention strategies, as the competition for creative and technical talent and leadership in our industry and geographic area is intense.

  While equity is a strategic tool for recruitment and retention, we also carefully manage RSU and PRSU issuances and strive to keep the dilutive impact of the equity incentives we offer within a reasonable range. The proposal to increase the number of shares authorized by 12,900,000 was determined based on the results of an internal calculation of the cost of the EIP.

The following table includes the fiscal 2016 equity granted under the EIP:

FISCAL 2016 EQUITY GRANTED UNDER THE EIP[(1)]

RSUs	PRSUs (at Maximum Vesting)	Total
3,035,201	790,060[(2)]	3,825,261

[(1)] The table above does not reflect 5,503 stock options, which were granted and immediately exercised by directors, who elected to receive shares-in-lieu of their cash compensation.

[(2)] For PRSUs, reflects the maximum vesting of 200% of target shares that could be earned if the highest level of performance is attained. At 100% target vesting, the shares reflected in the table would decrease by 395,030. See the discussion of "PRSUs" in the "Compensation Discussion and Analysis" above.

Together, the above referenced grants of RSUs and PRSUs represented awards covering approximately 1.23% of our fiscal 2016 weighted average shares of common stock outstanding of 310,024,838 (assuming maximum vesting of PRSUs) or 1.11% (assuming target vesting of PRSUs). Further, taking into consideration stock options, RSUs and PRSUs that were cancelled, forfeited or expired during fiscal 2016, these grants represent awards covering approximately 0.89% of our fiscal 2016 weighted average shares of common stock outstanding (assuming maximum vesting of PRSUs) or 0.76% (assuming target vesting of PRSUs).

As of May 27, 2016, the Company had the following equity awards outstanding under all of the Company's equity plans (excluding the ESPP):

OUTSTANDING EQUITY AWARDS

Outstanding Stock Options	Weight Average Exercise Price of Outstanding Stock Options	Weighted Average Remaining Contractual Life of Stock Options	Granted but Unvested Shares of Restricted Stock, RSUs and PRSUs
3,164,192	$35.23	5.39	5,048,610[(1)]

(1) Includes all RSUs and PRSUs, including 635,473 PRSUs that were granted at the maximum number of shares targeted to vest; at target vesting, the shares reflected in the table would be reduced by 317,737. Excludes 181,576 RSUs awarded to directors that have vested but have been deferred and remain unreleased.

As a result, as of May 27, 2016, the number of shares of common stock remaining available for future grant under the EIP was 15,290,637 shares of common stock available for issuance as stock options or 10,692,753 shares available for issuance as RSUs or PRSUs. Going forward, we intend to continue to responsibly manage issuance of equity incentive awards under the EIP. The EIP is the Company's only active plan with shares available for future grants.

Historically, we have made a significant portion of our equity grants in a given fiscal year in connection with our annual reviews and merit increases and we believe that an additional 12,900,000 shares is sufficient to support our equity incentive programs for approximately three years based on historical granting practices. We have not proposed a share increase for the EIP since the 2013 Annual Meeting. If this share amount is approved by the stockholders, we do not anticipate asking stockholders to approve another share increase for the EIP until the 2019 Annual Meeting.

In addition, the EIP contains several features designed to protect stockholders' interests, including:

- Options may not be granted at less than 100 percent of fair market value on the grant date;
- The exercise price of outstanding options may not be reduced without stockholder approval;
- No "evergreen" provision whereby the number of authorized shares is automatically increased on a regular basis; and
- No loaning, or guaranteeing the loan of, funds to participants.

- ***Provide that non-employee directors may not be granted equity awards in excess of $1,200,000, in aggregate, in any fiscal year of the company for (1) shares-in-lieu of cash compensation and (2) annual equity grants.***

  Currently there are no limits in the EIP on the number of awards or value of awards granted to non-employee directors. In order to align non-employee director grants with stockholder interests and ensure best practices, we propose amending the EIP to include a provision, which shall provide that no non-employee director may be granted in any fiscal year of the Company, awards with a grant date fair value of more than $1,200,000 whereby (1) shares-in-lieu of cash compensation may not have a grant date fair value of more than $600,000; and (2) an annual equity grant award may not have a grant date fair value of more than $600,000.

  The value of historical grants made to our non-employee directors remain significantly below these thresholds but these amounts provide the Board of Directors with flexibility in the future to manage director fees or equity grants based on the needs of the Company.

- ***Approvals related to the Company's ability to deduct equity-based compensation for income tax purposes.***

  For the purpose of preserving the Company's ability to deduct equity-based compensation earned by participants for income tax purposes for performance-based equity awards, certain stockholder approvals are required to be received for certain terms of the EIP.

  To enable performance-based equity awards granted under the EIP to constitute "qualified performance-based" compensation within the meaning of Section 162(m) of the Code, the stockholders of the Company are required to re-approve the material terms of the performance goals every five years.

  The material terms of the performance goals under the EIP include (i) the employees eligible to receive the performance-based compensation, (ii) the performance criteria under which the performance-based compensation will be determined, and (iii) the maximum amount of performance-based compensation that could be paid to any participant in a fiscal year.

  In addition, we are asking stockholders to approve the maximum number of shares that may be awarded to an individual for Section 162(m) purposes. Stockholders have previously approved a maximum limit of

2,000,000 shares that may be granted in any fiscal year to a participant or 4,000,000 shares for new employees in the EIP. Stockholders are asked to confirm these maximum thresholds apply for performance-based equity awards.

The maximum share limits, eligibility provisions and performance goals, which remain unchanged from the EIP our stockholders last approved in July 2013, are set forth under sections 3, 7.3 and 24 of the EIP (the full text of the EIP, as proposed to be amended, was filed with the SEC on June 10, 2016). They are also described in the material summary of the EIP set forth in Appendix C of this Proxy Statement.

New Plan Benefits

The amount and timing of awards under the EIP are determined in the sole discretion of the Compensation Committee, as administrator, or the Board of Directors with respect to awards granted to our CEO, and cannot be determined in advance. Future awards under the EIP to directors, Section 16 Officers and other employees are discretionary, and therefore not determinable at this time.

Prior Grants to NEOs, Other Employees and Non-Employee Directors under the EIP

As of May 27, 2016, awards covering 130,193,382 shares of common stock have been granted under the EIP. The following table shows information regarding the grants of those awards among the persons and groups identified below.

Name:	Number of Shares Underlying Option, RSU and PRSU grants[(1),(2)]
Andrew Wilson	2,713,069
Blake Jorgensen	934,007
Patrick Söderlund	1,905,709
Peter Moore	1,751,445
Kenneth Moss	341,065
All current Section 16 Officers as a group	11,160,138
All current non-employee directors as a group	3,557,685
All other employees as a group	115,475,559

(1) Information on the number of awards granted is presented without application of the fungible counting method that we use when counting grants against our share reserve, whereby each share subject to a grant of a stock option is counted as one share of common stock and each share subject to a grant of a full value award (including RSUs and PRSUs) is counted as 1.43 shares of common stock.

(2) PRSUs included in this number represent the maximum number of shares that can be earned under the awards.

Registration of Shares

If this proposal is approved by our stockholders, the Board of Directors intends to cause the shares of common stock that will become available for issuance under the amended EIP to be registered on a Form S-8 Registration Statement to be filed with the SEC at the Company's expense prior to the issuance of any such shares.

The Board of Directors recommends a vote FOR the proposed amendments to our 2000 Equity Incentive Plan and re-approval of the material terms of performance-based compensation provided for in the EIP.

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.

PROPOSAL 4: APPROVAL OF AN AMENDMENT TO OUR 2000 EMPLOYEE STOCK PURCHASE PLAN

The 2000 Employee Stock Purchase Plan (the “ESPP”) was originally approved by our stockholders on July 27, 2000. The ESPP continues to provide our employees with a means of purchasing Company shares through payroll deductions. Since its adoption, 25,300,000 shares of common stock have been reserved for issuance under the ESPP. The ESPP is intended to qualify as an “employee stock purchase plan” under Section 423 of the Code, for participants residing in the United States or working for certain designated subsidiaries. For more information regarding the ESPP, please read the summary of its material terms, as proposed to be amended included as Appendix D of this Proxy Statement, and the full text of the ESPP, as proposed to be amended, filed with the SEC on June 10, 2016.

The following table presents information since the beginning of fiscal 2014 relating to the aggregate number of shares purchased under the ESPP, as well as the number of employees who have participated in the ESPP:

	Shares Purchased Pursuant to the ESPP	No. of Employees Participating as of the Last Purchase Date in Fiscal Year
Fiscal 2014	2,203,283	3,806
Fiscal 2015	1,377,752	3,968
Fiscal 2016	939,017	4,502

As of the end of our 2016 fiscal year, 5,184,895 shares of common stock remained available for purchase under the ESPP.

We are proposing an amendment to the ESPP that would increase the number of shares authorized under the ESPP by 3,000,000 shares to a total of 28,300,000 shares.

The proposed amendment would increase the number of shares authorized under the ESPP by 3,000,000 to a total of 28,300,000, an amount that we expect will continue to permit all current and potential future employees to participate in the ESPP through fiscal 2020. Accordingly, the proposal to increase the number of shares authorized under the ESPP by 3,000,000 was determined based on the assumption that employee participation in the ESPP and the number of shares purchased will remain consistent with historical levels noted in the table above. In addition, we determined the dilutive impact to stockholders of this share request of approximately 1% of fiscal 2016 weighted average common shares outstanding was within a reasonable range given the important role of the ESPP. The ESPP encourages equity ownership among our employees, which serves to align their interests with our stockholders. We have not proposed a share increase for the ESPP since the 2013 Annual Meeting. If this share amount is approved by the stockholders, we do not anticipate asking stockholders to approve another share increase for the ESPP until the 2019 Annual Meeting.

New Plan Benefits

Because benefits under the ESPP depend on the fair market value of our common stock at various future dates, it is not possible to determine the benefits that will be received by employees if they participate in the ESPP. During fiscal year 2016, two NEOs participated in the ESPP. Our directors are ineligible to participate in the ESPP.

Prior ESPP Purchases by Named Executive Officers and Other Employees

As of March 31, 2016, since the inception of the ESPP, the aggregate number of shares issued to each NEO and the various indicated groups under the ESPP are:

Name:	Number of Shares Issued Under ESPP
Andrew Wilson	100
Blake Jorgensen	—
Patrick Söderlund	2,281
Peter Moore	9,735
Kenneth Moss	1,589
All current Section 16 Officers as a group	73,355
All current non-employee directors as a group	—
All other employees	20,041,750

Registration of Shares

If this proposal is approved by our stockholders, the Board of Directors intends to cause the shares of common stock that will become available for issuance under the amended ESPP to be registered on a Form S-8 Registration Statement to be filed with the SEC at the Company's expense prior to the issuance of any such shares.

The Board of Directors recommends a vote FOR the proposed amendment to the ESPP.

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.

PROPOSAL 5: ADVISORY VOTE ON THE COMPENSATION OF THE COMPANY'S NAMED EXECUTIVE OFFICERS

In accordance with the SEC's proxy rules, we are seeking an advisory, non-binding stockholder vote with respect to the compensation of our NEOs for fiscal 2016. 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.

In response to stockholder concerns with certain of our past executive compensation programs, in connection with the say on pay vote at our 2014 Annual Meeting we engaged with stockholders representing over 53% of our outstanding shares to solicit their perspective on our executive compensation programs. The Compensation Committee considered this input, along with a variety of other factors, and adopted changes to our executive compensation program in fiscal 2015, which were implemented in fiscal 2016. We eliminated stock options, which had comprised 25% of the equity awards in fiscal 2015 and proportionally increased the percentage of performance-based equity awards by 25% to 50% in lieu of the stock options. In addition, we added a cash flow metric to the financial objectives of our NEOs' fiscal 2016 cash bonuses. Our stockholders responded well to those changes and we received a favorable 98% of votes cast for our annual say on pay advisory proposal at our 2015 Annual Meeting. EA's management, the Compensation Committee and the Board of Directors are committed to maintaining a pay-for-performance alignment in our executive compensation programs and continue to solicit feedback from our stockholders regarding our programs and practices.

We encourage you to read the "Compensation Discussion and Analysis" at pages 25 through 37 for additional details on our executive compensation programs and the fiscal 2016 compensation of our NEOs.

We believe our compensation programs and policies for fiscal 2016 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 2016, 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.

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

Advisory Vote

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.

PROPOSAL 6: 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, 2017. 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 and make a statement if they desire to do so.

Ratification of the appointment of KPMG LLP as our independent auditors is not required by our Amended and Restated 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, 2016	Year Ended March 31, 2015
Audit Fees[1]	$4,608,000	$4,698,000
Audit-Related Fees[2]	$ 286,000	$ 75,000
Tax Fees—Compliance[3]	495,000	422,000
Total All Fees	$5,389,000	$5,195,000

[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." In fiscal 2016, these fees include services in connection with our debt offering and other regulatory filings in our international jurisdictions.

[3] Tax Fees: This category includes compliance services rendered for U.S. and foreign tax compliance and returns, and transfer pricing documentation.

Services Provided by the Independent Auditor

KPMG LLP audits our consolidated operations and provides statutory audits for 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 2017, the Audit Committee and the Board of Directors have considered the performance of KPMG LLP in fiscal 2016, 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.

Audit Partner Rotation

Our KPMG LLP lead and concurring audit partner have been working on the Company's audit since the first quarter of fiscal 2016 and the first quarter of fiscal 2015, respectively. Each audit partner 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 2016 are compatible with maintaining KPMG LLP's independence.

The Board of Directors recommends a vote FOR the ratification of KPMG LLP as our independent auditors for the fiscal year ending March 31, 2017.

Required Vote

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.

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APPENDIX A

CALCULATION OF NON-GAAP FINANCIAL MEASURES

	Fiscal Year Ended March 31, 2016
GAAP net revenue	**$ 4,396**
Change in deferred net revenue (online-enabled games)	170
Non-GAAP net revenue	**$ 4,566**
GAAP gross profit	**$ 3,042**
Acquisition-related expenses	47
Change in deferred net revenue (online-enabled games)	170
Stock-based compensation	2
Non-GAAP gross profit	**$ 3,261**
GAAP operating expenses	**$ 2,144**
Acquisition-related expenses	(7)
Stock-based compensation	(176)
Non-GAAP operating expenses	**$ 1,961**
GAAP net income	**$ 1,156**
Acquisition-related expenses	54
Amortization of debt discount and loss on conversion of notes	27
Change in deferred net revenue (online-enabled games)	170
Stock-based compensation	178
Income tax adjustments	(567)
Non-GAAP net income	**$ 1,018**
GAAP diluted earnings per share	**$ 3.50**
Non-GAAP diluted earnings per share	**$ 3.14**
Number of diluted shares used in computation GAAP	**330**
Convertible Note Hedge	(6)
Non-GAAP	**324**

About Non-GAAP Financial Measures

The Company's management team is evaluated on the basis of non-GAAP financial measures and these measures also facilitate comparisons of the Company's performance to prior periods.

The Company's target and actual non-GAAP financial measures are calculated with reference to the same adjustments to GAAP financial measures. These adjustments to the GAAP financial measures exclude the following items (other than shares from the Convertible Bond Hedge, which are included):

- Acquisition-related expenses
- Amortization of debt discount and loss on conversion of notes
- Change in deferred net revenue (online-enabled games)
- Income tax adjustments
- Shares from Convertible Bond Hedge
- Stock-based compensation

We believe it is appropriate to exclude these 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, our 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 and Loss on Conversion of Notes. In July 2011, we issued $632.5 million of 0.75% convertible senior notes in a private placement offering, which mature in July 2016 (the "Convertible Notes"). As of March, 31, 2016, $163 million remained outstanding. 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 amortize as a debt discount an amount equal to the fair value of the conversion option on the Convertible Notes over their term. The debt discount is classified as interest expense. Upon settlement of our Convertible Notes, we attribute the fair value of the consideration transferred to the liability and equity components. The difference between the fair value of the consideration attributed to the liability component and the carrying value of the liability is recorded as a non-cash loss in the statement of the operations. Our management excludes the effect of the amortization of debt discount and the non-cash loss on the early conversion of debt 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. We are 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. Our 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.

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. Accordingly, the Company applies the same tax rate to its non-GAAP financial results. During fiscal year 2017, the Company will apply a tax rate of 21 percent to its non-GAAP financial results. During fiscal year 2016, the Company applied a tax rate of 22 percent. For fiscal years 2014 and 2015, a 25 percent tax rate was applied, and through fiscal year 2013, the Company applied a 28 percent tax rate.

Shares from Convertible Bond Hedge. The Convertible Notes were issued with an initial conversion price of approximately $31.74 per share. When the quarterly average trading price of EA's common stock is above $31.74 per share, the potential conversion of the Convertible Notes has a dilutive impact on the Company's earnings per share. At the time they were issued, the Company entered into convertible note hedge transactions (the "Convertible Bond Hedge") to offset the dilutive effect of the Convertible Notes. The Company includes the anti-dilutive effect of the Convertible Bond Hedge in determining its non-GAAP dilutive shares.

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, we place a greater emphasis on overall stockholder dilution rather than the accounting charges associated with such grants.

APPENDIX B

GENERAL DESCRIPTION OF THE EXECUTIVE BONUS PLAN

As Proposed to be Amended by the Stockholders on July 28, 2016

History

The Executive Bonus Plan was adopted by the Board of Directors on May 16, 2012 with an effective date of April 1, 2012 subject to stockholder approval, which was obtained on July 26, 2012. The following summary describes the material terms of the Executive Bonus Plan reflecting all prior amendments, as well as the amendments proposed to be adopted by the Company's stockholders at the Annual Meeting. The following general description is qualified in its entirety by reference to the text of the Executive Bonus Plan, as proposed to be amended, as filed by the Company with the SEC on June 10, 2016. Unless otherwise indicated, capitalized terms used in this Appendix B shall have the meanings set forth in the text of the Executive Bonus Plan.

Material Terms of the Executive Bonus Plan

Purpose	The purpose of the Executive Bonus Plan is to provide eligible employees with incentive compensation based upon the level of achievement of financial, business and other performance criteria. It is intended that bonuses awarded under the Executive Bonus Plan to covered employees will qualify as "performance-based compensation" within the meaning of Section 162(m) of the Code.
Plan Term	If the amendment is approved by stockholders, the Executive Bonus Plan will continue until the earlier of (a) a termination by the Compensation Committee; (b) the date any stockholder approval requirements for purposes of Section 162(m) of the Code cease to be met or (c) five (5) years after the date of the stockholder's approval (July 28, 2021).
Governing Law	The Executive Bonus Plan is governed by the laws of the State of Delaware.
Administration	The Executive Bonus Plan is administered by the Compensation Committee. The Compensation Committee shall be responsible for the general administration and interpretation of the Executive Bonus Plan, including but not limited to the determination of the manner and time of payment of any bonuses, determination of the target Performance Goals, eligible employees, Performance Period, Bonus Target and applicable bonus formula. The Compensation Committee, in its sole discretion and on such terms and conditions as it may provide, may delegate all or part of its authority and powers to one or more directors and/or officers of the Company; provided, however, that the Compensation Committee may not delegate its authority and/or powers with respect to awards that are intended to qualify as performance-based compensation under Section 162(m) of the Code.
Eligibility	Eligible participants in the Executive Bonus Plan are senior executives of the Company or of an affiliate who are chosen solely at the discretion of the Compensation Committee. If a change in status that results in a Participant being ineligible to participate mid-Performance Period, he or she may receive a pro-rated bonus in the sole discretion of the Compensation Committee. Approximately 12 individuals are currently eligible to participate in the Executive Bonus Plan.
Bonus	Bonus is a cash payment made pursuant to the Executive Bonus Plan with respect to a particular Performance Period. If the amendment is approved by the stockholders, a Bonus shall not be greater than an amount equal to three hundred percent (300%) of the Bonus Target.
Bonus Target	Bonus Target is the amount that may be paid if one hundred percent (100%) of all the applicable Performance Measures are achieved at target in the Performance Period. The Bonus Target shall be equal to a fixed percentage of the Participant's base salary for such Performance Period. If the amendment is approved by the stockholders, such fixed percentage shall not exceed two hundred percent (200%) of a Participant's base pay.

Maximum Bonus	The maximum Bonus that can be paid under the Executive Bonus Plan for Section 162(m) of the Code or any other purposes is five million dollars ($5,000,000).
Establishment of Bonuses	Prior to the Predetermination Date (generally ninety days after the start of a Performance Period), the Compensation Committee will select each Participant's maximum award level and establish the Performance Goal or goals that must be achieved before an award actually will be paid to the Participant.
Performance Goals	The Performance Goals that may be selected by the Compensation Committee include either individually, alternatively or in any combination, applied to the Company as a whole or any business unit or subsidiary, either individually, alternatively, or in any combination, on a GAAP or non-GAAP basis, and measured, to the extent applicable on an absolute basis or relative to a pre-established target, in each case as specified by the Compensation Committee: profit before tax; revenue (on an absolute basis or adjusted for currency effects); net revenue; earnings (which may include earnings before interest and taxes, earnings before taxes and net earnings); operating income; operating margin; operating profit; controllable operating profit, or net operating profit; net profit; gross margin; operating expenses or operating expenses as a percentage of revenue; net income; earning per share; total stockholder return; market share; return on assets or net assets; the Company's stock price; growth in stockholder value relative to a pre-determined index; return on equity; return on invested capital; cash flow (including free cash flow or operating cash flows); cash conversion cycle; economic value added; contract awards or backlog; overhead or other expense reduction; credit rating; strategic plan development and implementation; improvement in workforce diversity; customer indicators; new product invention or innovation; attainment of research and development milestones; improvements in productivity; attainment of objective operating goals and employee metrics. The Performance Goals may be measured either on an absolute basis or relative to a pre-established target, to a previous period's results, or to a designated comparison group and may differ for each participant. For example, the Compensation Committee may appropriately adjust any evaluation of performance under a Performance Goal to exclude any of the following events that occurs during a Performance Period: the effects of currency fluctuations; any or all adjustments that are reflected in the calculation of non-GAAP earnings as presented in any Company press release or Form 8-K filing relating to an earnings announcement; asset write-downs; litigation or claim judgments or settlements; the effect of changes in tax law, accounting principles or other such laws or provisions affecting reported results; accruals for reorganization and restructuring programs; and any other extraordinary or non-operational items. Additionally, the Compensation Committee may decide to ignore the effect of mergers or acquisitions in their evaluation of Performance Goals.
Performance Period	A Performance Period shall generally be a fiscal year, but may also be any such other period of time as determined in the Compensation Committee's sole discretion.
Certification of Performance Goals	As soon as practicable after the end of each Performance Period, the Compensation Committee will certify in writing the extent to which the pre-established Performance Goals actually were achieved and certify and approve the amount of the bonus to be paid. The Compensation Committee reserves the discretion to reduce or eliminate any actual award under the Executive Bonus Plan.
Payment of Bonuses	A Participant generally has no right to a Bonus unless he or she is actively employed on the payment date. All Bonuses will be paid as soon as practicable after the Compensation Committee has certified that the applicable Performance Goals have been achieved, determined the Bonus amounts, and authorized the payment of the corresponding Bonuses, but in no event later than 2 ½ months after the end of the calendar year in which the applicable Performance Period ends.

Nonassignability	Rights under the Executive Bonus Plan are not assignable or transferable.
Amendment/ Termination	The Compensation Committee generally may amend, modify, suspend or terminate the Executive Bonus Plan, in whole or in part, at any time and in any respect, provided, however no such amendment, modification, suspension or termination result in an increase in the amount of compensation payable pursuant to any award under the Executive Bonus Plan or cause compensation that is, or may become, payable under the Executive Bonus Plan to fail to qualify as deductible "performance-based compensation" within the meaning of Section 162(m) of the Code.

Compliance with Section 409A of the Code

To the extent applicable, it is intended that the Bonuses granted under the Executive Bonus Plan will comply with or be exempt from the provisions of Section 409A of the Code, such that the income inclusion provisions of Section 409A(a)(1) of the Code do not apply to the Participants. The Bonuses will be administered and interpreted in a manner consistent with this intent.

Certain U.S. Federal Income Tax Consequences

The following summarizes only the U.S. federal income tax consequences of participation in the Executive Bonus Plan based upon federal income tax laws in effect on the date of this Proxy Statement. An Executive Bonus Plan Participant will be taxed at ordinary income rates on the cash Bonus in the year in which such cash is received. Generally, and subject to the provisions of Section 162(m) of the Code, the Company will receive a federal income tax deduction corresponding to the amount of income recognized by the 162(m) Bonus Plan Participants.

ERISA

The Executive Bonus Plan is not subject to any of the provisions of the Employee Retirement Income Security Act of 1974 and is not qualified under Section 401(a) of the Code.

Proposed Amendments to the Executive Bonus Plan

At the Annual Meeting, stockholders will be asked to approve amendments to increase the bonus target cap to 200% of a Participant's base salary and to increase the Bonus payment cap to 300% of a participant's Bonus Target with no changes to the $5,000,000 maximum Bonus amount that can be paid under the Executive Bonus Plan.

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APPENDIX C

GENERAL DESCRIPTION OF THE 2000 EQUITY INCENTIVE PLAN

As Proposed to be Amended by the Stockholders on July 28, 2016

History

The Company's 2000 Equity Incentive Plan (the "EIP") was adopted by our Board of Directors on January 27, 2000 and initially approved by our stockholders on March 22, 2000. The EIP has been amended several times since it was initially adopted and was last amended by our stockholders on July 31, 2013. The following summary describes the material terms of the EIP reflecting all prior amendments, as well as the amendments proposed to be adopted by the Company's stockholders at the Annual Meeting. The following general description is qualified in its entirety by reference to the text of the EIP, as proposed to be amended, as filed by the Company with the SEC on June 10, 2016. Unless otherwise indicated, capitalized terms used in this Appendix C shall have the meanings set forth in the text of the EIP.

Material Terms of the EIP

Purpose	The purpose of the EIP is to provide incentives to attract, retain and motivate eligible person whose present and potential contributions are important to the success of the Company and any of its Parent and Subsidiaries (as applicable) by offering them an opportunity to participate in the Company's future performance through the grant of Awards under the EIP.
Term	Unless earlier terminated in accordance with the EIP, the EIP will continue in effect twenty (20) years from the original adoption date, or July 27, 2020.
Governing Law	The EIP and all award agreements thereunder are governed by the laws of the State of California.
Administration	The EIP is administered by the Compensation Committee or by the Board of Directors acting as the Compensation Committee. All of the members of the Compensation Committee are "non-employee" and "independent directors" under applicable federal securities laws and NASDAQ listing requirements, and "outside directors" as defined under applicable federal tax laws. The Compensation Committee's authority includes but is not limited to the authority to (a) construe and interpret the EIP, any award agreement or any other document executed in connection with the EIP; (b) prescribe, amend and rescind rules and regulations related to the EIP or any Award; (c) select persons eligible to receive Awards; (d) determine the form and term of Awards; (e) determine the number of shares or other consideration subject to Awards; (f) grant waivers of the EIP or Award conditions subject to the terms of the EIP; (g) determine vesting, exercisability and payment of Awards; and (h) make all other determinations necessary or advisable for the administration of the EIP.
Eligibility	ISOs may only be granted to employees. All other Awards may be granted to employees or Outside Directors. Approximately 8,500 individuals are eligible to participate in the EIP.
Awards	Awards granted under the EIP may be Options, SARs, Restricted Stock Awards, Restricted Stock Units or other forms of Awards authorized by the EIP, in the Compensation Committee's discretion. Awards may be granted singly or in combination with other Awards.
Shares	Shares of Company common stock issuable under the EIP may come from authorized but unissued shares, treasury shares, shares purchased on the open market or any combination of the foregoing.
Share Limits	If the amendment is approved by the stockholders, the maximum number of Shares available to be granted under the EIP will be 151,765,000. Shares subject to previously granted Awards will go back into the share pool and be available for

future grants if the Shares (a) cease to be subject to an Option for reasons other than exercise; (b) subject to a forfeited Award; (c) subject to an Award that otherwise terminates or settled without the issuance of shares. Shares subject to (a) net settlement of Options or SARs that are withheld and never issued; (b) Shares used to pay exercise price or taxes on Award; or (c) Shares repurchased by the Company with the proceeds of an Option exercise will not go back into the share pool.

Maximum Shares

No person is eligible to receive Awards, including Options, SARs, Restricted Stock Awards or Restricted Stock Units that constitute "performance-based compensation" under Section 162(m) of the Code, covering more than 2,000,000 Shares in any fiscal year or 4,000,000 Shares if the employee is a new hire.

Adjustment

The number of Shares issuable under the EIP, and under outstanding Options and other Awards, is subject to proportional adjustment to reflect stock splits, stock dividends and other similar events.

Award Types:

Options

Options granted under the EIP may be either ISOs or nonqualified Options. The exercise period of Options is determined by the Compensation Committee but, in no event, may Options be exercisable more than ten years from the date they are granted.

The Compensation Committee determines the exercise price of each Option granted under the EIP. The exercise price for each ISO and nonqualified stock Option must be no less than 100% of the fair market value of a share at the time the Option is granted.

Restricted Stock

A Restricted Stock Award is an offer by the Company to award Shares that are subject to time-based or performance-based restrictions established by the Compensation Committee. The purchase price, if any, for a Restricted Stock Award is determined by the Compensation Committee at the time of grant.

RSUs

Restricted Stock Units are unfunded, unsecured rights to receive Company shares of common stock upon the satisfaction of certain time-based or performance-based vesting criteria. Restricted Stock Units are generally granted for no consideration, however the purchase price, if any for the Restricted Stock Units will be determined by the Compensation Committee at the time of grant. Each Restricted Stock Unit represents one share of common stock. Participants have no rights to the shares underlying the Restricted Stock Units unless and until the restrictions on the Restricted Stock Units have lapsed and the Shares have been released.

SARs

The Compensation Committee may determine the terms and conditions of a SAR, however no SAR will be exercisable after the expiration of ten (10) years from the date the SAR is granted and the exercise price for a SAR must be no less than 100% of the fair market value of a Share at the time the SAR is granted.

Payment for Share Purchases

Where expressly approved by the Compensation Committee and where permitted by law, payment methods for Shares underlying Awards granted under the EIP (where applicable) will be set forth in the award agreement in accordance with the EIP.

No Repricings or Exchange of Awards Without Stockholder Approval

The Compensation Committee may, at any time or from time to time, authorize the Company, with the consent of the affected EIP participants, to issue new Awards in exchange for the surrender and cancellation of any or all outstanding Awards; provided, however, that no such exchange program may, without the approval of the Company's stockholders, allow for the cancellation of an outstanding Option or SAR in exchange for a new Option or SAR having a lower exercise price. The Compensation Committee may also, subject to approval by the Company's stockholders, at any time buy a previously granted Award with payment in cash, shares (including Restricted Stock Awards) or other consideration, based on such terms and conditions as the Compensation Committee and the participant may agree.

Grants to Outside Directors

Outside Directors are eligible to receive any Award granted under the EIP except for ISOs, in the sole discretion of the Board of Directors. The terms and conditions, including vesting, exercisability and settlement will be determined by the Board of Directors. In the event of our dissolution or liquidation or a "change of control" transaction, Options granted to our Outside Directors under the EIP will become 100% vested and exercisable in full.

In addition, our Outside Directors may elect to receive all or a portion of their cash compensation in Shares. Directors making this election are entitled to receive Shares having a value equal to 110% of the amount of the cash compensation foregone.

If the amendment is approved by stockholders, no Outside Director may be granted in any fiscal year of the Company awards with a grant date value of more than $1,200,000 in total whereby (1) shares-in-lieu of cash compensation may not have a grant date fair value of more than $600,000; and (2) an annual equity grant Award may not have a grant date fair value of more than $600,000.

Performance Awards

Options, SARs, Restricted Stock Awards or Restricted Stock Units may be performance-based Awards with vesting or exercisability conditioned on one or more Performance Factor may be granted under the EIP individually or in tandem with other Awards. The Awards will be subject to a specific Performance Period that may be as short as a quarter or as long as five (5) years.

162(m) Awards

The Compensation Committee will set any performance goals before the latest date permissible and pursuant to any procedures necessary or advisable to ensure qualification of the awards determined to be "performance-based compensation" within the meaning of Section 162(m) of the Code.

Performance Factors

Performance Factors are any of the following objective measures below, selected by the Compensation Committee and specified in the award agreement and applied to the Company as a whole or any business unit or Subsidiary, either individually, alternatively or in any combination on a GAAP or non-GAAP basis to be measured to the extent applicable on an absolute basis or relative to a pre-established target to determine whether the performance goals established by the Compensation Committee have been satisfied: (a) Profit before Tax; (b) Revenue (on an absolute basis or adjusted for currency effects); (c) net revenue; (d) earnings (which may include earnings before interest and taxes, earnings before taxes, and net earnings); (e) operating income; (f) operating margin; (g) operating profit; (h) controllable operating profit, or net operating profit; (i) net profit; (j) gross margin; (k) operating expenses or operating expenses as a percentage of revenue; (l) net income; (m) diluted earnings per share; (n) total stockholder return; (o) market share; (p) return on assets or net assets; (q) the Company's stock price; (r) growth in stockholder value relative to a pre-determined index; (s) return on equity; (t) return on invested capital; (u) cash flow (including free cash flow or operating cash flows); (v) cash conversion cycle; (w) economic value added; (x) individual confidential business objectives; (y) contract awards or backlog; (z) overhead or other expense reduction; (aa) credit rating; (bb) strategic plan development and implementation; (cc) succession plan development and implementation; (dd) improvement in workforce diversity; (ee) customer indicators; (ff) new product invention or innovation; (gg) attainment of research and development milestones; (hh) improvements in productivity; or (ii) attainment of objective operating goals and employee metrics.

In addition, the Compensation Committee may, in its sole discretion and in recognition of unusual or non-recurring items such as acquisition-related activities or changes in applicable accounting rules, provide for one or more equitable adjustments (based on objective standards) to the Performance Factors to preserve

	the Compensation Committee's original intent regarding the Performance Factors at the time of the initial grant.
Transferability	Awards granted under the EIP are generally not transferable other than by will or the laws of decent or distribution.
Corporate Transactions	In the event of a merger, consolidation, dissolution or liquidation of the Company, the sale of substantially all of its assets or any other similar corporate transaction, the successor corporation may assume, replace or substitute equivalent awards in exchange for those granted under the EIP or provide substantially similar consideration, shares or other property as was provided to our stockholders (after taking into account the provisions of the Awards). In the event that the successor corporation does not assume, replace or substitute Awards, such Awards will accelerate and all options will become exercisable in full prior to the consummation of the transaction at the time and upon the conditions as the Compensation Committee determines. Any Awards not exercised or vested prior to the consummation of the transaction will terminate.
Amendment/ Termination of the EIP	The Board of Directors may at any time terminate or amend the EIP in any respect, including without limitation any form of award agreement, provided however, the Board of Directors will not, without stockholder approval, amend the EIP in any manner which would require such approval.

Compliance with Section 409A of the Code

To the extent applicable, it is intended that the EIP and any Awards granted under the EIP will comply with or be exempt from the provisions of Section 409A of the Code, such that the income inclusion provisions of Section 409A(a)(1) of the Code do not apply to the participants. The EIP and any Awards granted under the EIP will be administered and interpreted in a manner consistent with this intent.

Certain U.S. Federal Income Tax Consequences

We believe that, based on the laws as in effect on the date of this Proxy Statement, the following are the principal U.S. federal income tax consequences to participants and to us of Options and other Awards granted under the EIP. ***This summary is not a complete analysis of all potential tax consequences relevant to participants and to us and does not describe tax consequences based on particular circumstances. State, local, and foreign tax laws are not discussed.***

Options. When a nonqualified Option is granted, there are no income tax consequences for the Participant or us. When a nonqualified Option is exercised, in general, the Participant recognizes compensation equal to the excess of the fair market value of the underlying shares on the date of exercise over the exercise price. We are entitled to a deduction equal to the compensation recognized by the Participant for our taxable year that ends with or within the taxable year in which the Participant recognized the compensation.

When an ISO is granted, there are no income tax consequences for the Participant or us. When an ISO is exercised, the Participant does not recognize income and we do not receive a deduction. The Participant, however, must treat the excess of the fair market value of the underlying Shares on the date of exercise over the exercise price as an item of adjustment for purposes of the alternative minimum tax. If the participant disposes of the underlying Shares after the Participant has held the Shares for at least two years after the ISO was granted and one year after the ISO was exercised, the amount the Participant receives upon the disposition over the exercise price is treated as long-term capital gain for the Participant. We are not entitled to a deduction. If the Participant makes a "disqualifying disposition" of the underlying Shares by disposing of the Shares before they have been held for at least two years after the date the ISO was granted and one year after the date the ISO was exercised, the Participant recognizes compensation income equal to the excess of (i) the fair market value of the underlying Shares on the date the ISO was exercised or, if less, the amount received on the disposition over (ii) the exercise price. We are entitled to a deduction equal to the compensation recognized by the Participant for our taxable year that ends with or within the taxable year in which the Participant recognized the compensation.

SARs. When a SAR is granted, there are no income tax consequences for the Participant or us. When a SAR is exercised, the Participant recognizes compensation equal to the cash and/or the fair market value of the Shares received upon exercise. We are entitled to a deduction equal to the compensation recognized by the Participant.

Restricted Stock Awards and Restricted Stock Units. Generally, when a Restricted Stock Award or a Restricted Stock Unit is granted, there are no income tax consequences for the Participant or us. Upon the payment to the Participant of Shares in respect of Restricted Stock Units or the lapse of restrictions on Restricted Stock Awards, the Participant, generally, recognizes compensation equal to the fair market value of the shares as of the date of delivery or release. We are entitled to a deduction equal to the compensation recognized by the Participant.

Limits on Deductions. Under Section 162(m) of the Code, compensation paid to our CEO and our four most highly paid executive officers whose compensation is required to be reported to our stockholders in a particular year is limited to $1 million per person, except that compensation that is "qualified-performance based compensation" will be excluded for purposes of calculating the amount of compensation subject to this $1 million limitation.

ERISA

The EIP is not subject to any of the provisions of the Employee Retirement Income Security Act of 1974 and is not qualified under Section 401(a) of the Code.

Proposed Amendments to the EIP

At the Annual Meeting, stockholders will be asked to approve an amendment to the EIP to increase the number of shares authorized under the EIP by 12,900,000 shares. Stockholders will also be asked to approve the maximum number of shares subject to Awards intended to constitute "performance-based compensation" under Section 162(m) of the Code and maximum Award limits in any fiscal year to Outside Directors.

APPENDIX D

GENERAL DESCRIPTION OF THE 2000 EMPLOYEE STOCK PURCHASE PLAN

As Proposed to be Amended by the Stockholders on July 28, 2016

History

The 2000 Employee Stock Purchase Plan ("ESPP") was adopted by the Board of Directors on May 25, 2000, approved by the stockholders on July 27, 2000, and was last amended by our stockholders on July 31, 2013 and our Compensation Committee on August 16, 2015. The following summary describes the material terms of the ESPP reflecting all prior amendments, as well as the amendments proposed to be adopted by the Company's stockholders at the Annual Meeting. The following general description is qualified in its entirety by reference to the text of the ESPP, as proposed to be amended, as filed by the Company with the SEC on June 10, 2016. Unless otherwise indicated, capitalized terms used in this Appendix D shall have the meanings set forth in the text of the ESPP.

Material Terms of the ESPP

Purpose	The purpose of the ESPP is to provide employees of the Company and its designated subsidiaries with a convenient means to acquire an equity interest in the Company through payroll deductions, to enhance such employees' sense of participation in the affairs of the Company and its subsidiaries, and to provide an incentive for continued employment.
Plan Term	Unless earlier terminated by the Board of Directors, the ESPP will continue until the issuance of all shares reserved for issuance under the ESPP.
Governing Law	The ESPP and all subscription agreements thereunder are governed by the laws of the State of California.
Administration	The ESPP is administered by the Board of Directors or the committee appointed by the Board of Directors. The Board of Directors appointed the Compensation Committee to administer the ESPP. Subject to the provisions of the ESPP and the limitations of Section 423 of the Code, all questions of interpretation or application of the ESPP shall be determined by the Compensation Committee and its decisions shall be final and binding upon all participants. The Compensation Committee may also adopt rules or procedures relating to the operation and administration of the ESPP to accommodate the specific requirements of the law and procedures of foreign jurisdictions. The members of the Compensation Committee receive no compensation for administering the ESPP other than their compensation for being Board of Directors and Compensation Committee members.
Shares	Shares of Company common stock issuable under the ESPP may come from authorized but unissued shares, treasury shares, shares purchased on the open market or any combination of the foregoing.
Designation of Subsidiaries	The Compensation Committee shall designate from among the subsidiaries, as determined from time to time, the subsidiary or subsidiaries whose employees shall be eligible to participate in the ESPP. The Board of Directors or Compensation Committee may designate a subsidiary, or terminate the designation of a subsidiary, without the approval of the Company's stockholders.

Eligibility

All employees of the Company or any designated subsidiary, are eligible to participate in the ESPP except the following: (i) employees who are not employed by the Company on the 15th day of the month before the beginning of an Offering Period (as defined below); (ii) employees who, pursuant to Section 424(d) of the Code, own or hold options to purchase or who, as a result of participation in the ESPP, would own stock or hold options to purchase stock representing five percent or more of the total combined voting power or value of all classes of stock of the Company or any subsidiary; (iii) employees by virtue of their participation would be participating in more than one Offering Period; and unless otherwise required by applicable law; (iv) employees who are customarily employed for less than 20 hours per week; and/or (v) employees who are customarily employed for less than five months in a calendar year. Approximately 8,500 individuals are eligible to participate in the ESPP.

Non-employee directors are not eligible to participate in the ESPP.

Share Limits

If the amendment is approved by the stockholders, the maximum number of shares available to be granted under the ESPP will be 28,300,000.

Adjustment

Subject to any necessary stockholder approval, the number of shares issuable under the ESPP is subject to proportional adjustment to reflect stock splits, stock dividends and other similar events.

Offering and Purchase Periods

The Offering Periods of the ESPP (the "Offering Period") are generally twelve (12) months in duration commencing on February 16th and August 16th of each year and ending on February 15th and August 15th of the following year. The first day of each Offering Period is referred to as the "Offering Date." Each Offering Period shall consist of two (2) six-month purchase periods (individually, a "Purchase Period"), during which payroll deductions of the participant are accumulated under the ESPP. Each such six-month Purchase Period shall commence on February 16th or August 16th of an Offering Period and shall generally end on August 15th or February 15th (each a "Purchase Date").

The Compensation Committee shall have the power to change the duration of Offering Periods or Purchase Periods without stockholder approval if such change is announced at least fifteen (15) days prior to the scheduled beginning of the first Offering Period or Purchase Period, as the case may be, to be affected.

Participation

Employees may participate in the ESPP by entering into a subscription agreement and electing a percentage of payroll deductions to be withheld with each payroll period, which may not be less than two (2) percent nor more than ten (10) percent of the employee's salary as defined in the ESPP. The employee may increase or lower the rate of payroll deductions for any subsequent Offering Period but may only lower the rate of payroll deductions once during the current Purchase Period.

Limitations on Shares to be Purchased

In any given Purchase Period, no employee may purchase more than (a) twice the number of shares that could have been purchased with the payroll deductions if the purchase price were determined by using 85 percent of the fair market value of a Company share on the Offering Date or (b) the maximum number of shares set by the Board of Directors. In addition, no employee may purchase shares at a rate that, when aggregated with all other rights to purchase stock under all other employee stock purchase plans of the Company, or any parent or subsidiary of the Company, exceeds $25,000 in fair market value (determined on the Offering Date) for each year.

Purchase Price

The purchase price of shares that may be acquired in any Purchase Period under the ESPP is 85 percent of the lesser of (a) the fair market value of the shares on the Offering Date or (b) the fair market value of the shares on the Purchase Date. The fair market value of the common stock on a given date is the closing price of the common stock on the immediately preceding business day as quoted on the NASDAQ Global Select Market.

Purchase of Shares	On each Purchase Date, a participating employee will purchase up to the number of shares determined by dividing the total amount of payroll deductions withheld from the employee during the Purchase Period pursuant to the ESPP by the purchase price, subject to the limitations described above.
Withdrawal	An employee may withdraw from any Offering Period at any time at least 15 days prior to the end of an Offering Period. No further payroll deductions for the purchase of shares will be made for the succeeding Offering Period unless the employee enrolls in the new Offering Period in the same manner as for initial participation in the ESPP.
Termination of Eligibility	Termination of an employee's eligibility for any reason, including termination due to retirement or death, immediately cancels the employee's participation in the ESPP.
Return of Payroll Deductions	In the event an employee's interest in the ESPP is terminated by withdrawal, termination of employment or otherwise, or in the event the ESPP is terminated by the Board of Directors, the Company shall promptly deliver to the employee all payroll deductions credited to his account. No interest shall accrue on the payroll deductions of a participant in the ESPP, unless otherwise required by the laws of a local jurisdiction
Nonassignability	The option to purchase shares may not be assigned, transferred, pledged or otherwise disposed of in any way (other than by will, the laws of descent and distribution) by the participant.
Capital Changes	In the event of a proposed dissolution or liquidation of the Company, the Offering Period will terminate and the Board of Directors may, in its sole discretion, give participants the right to purchase shares that would not otherwise be purchasable until the last day of the applicable Purchase Period.
Amendment/ Termination of the ESPP	The Board of Directors may generally amend or terminate the ESPP at any time, subject to the restrictions set forth in the ESPP.

Certain U.S. Federal Income Tax Consequences

The following summarizes only the U.S. federal income tax consequences of participation under the ESPP based upon federal income tax laws in effect on the date of this Proxy Statement. ***This summary is not a complete analysis of all potential tax consequences relevant to participants and to us and does not describe tax consequences based on particular circumstances. State, local, and foreign tax laws are not discussed.***

The ESPP, and the right of participants to make purchases thereunder, is intended to qualify under the provisions of Sections 421 and 423 of the Code (except to comply with applicable foreign or local law). Under these provisions, no income will be taxable to a participant at the time of grant of the option or purchase of shares. Amounts deducted from a participant's pay under the ESPP are part of the employee's regular compensation and remain subject to federal, state and local income and employment withholding taxes.

Upon disposition of the shares, the participant will generally be subject to tax, the amount of which will depend upon the participant's holding period. If the participant disposes of his or her shares more than two years after the date of option grant and more than one year after the purchase of the shares, the lesser of (i) fifteen percent of the fair market value of the shares on the date the option was granted or (ii) the excess (or zero if there is no excess) of the sale price of the shares on the date of the disposition of the shares over the purchase price will be treated as ordinary income, and any further gain will be treated as long-term capital gain. If the participant disposes of the shares before the expiration of these holding periods (a "disqualifying disposition"), the excess of the fair market value of the shares on the purchase date over the purchase price will be treated as ordinary income, and any further gain or loss on such disposition will be long-term or short-term capital gain or loss, depending on the holding period.

We are not entitled to a deduction for amounts taxed as ordinary income or capital gain to a participant except to the extent of ordinary income reported by participants upon a disqualifying disposition of shares within two years from date of grant or within one tax year of the date of purchase, subject to the satisfaction of any tax-reporting obligations. We are required to report to the IRS income recognized by a participant as a result of Share purchases and disposition. In the future, we may be required to withhold (from a participant's salary) the amount due as taxes on such ordinary income.

ERISA

The ESPP is not subject to any of the provisions of the Employee Retirement Income Security Act of 1974 and is not qualified under Section 401(a) of the Code.

Proposed Amendment of the ESPP

At the Annual Meeting, stockholders will be asked to increase by 3,000,000 the number of shares of the Company's common stock reserved for issuance under the ESPP.

2016 Annual Report on Form 10-K

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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, 2016

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 ☐ (Do not check if a smaller reporting company) 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 October 2, 2015, the last business day of our second fiscal quarter, was $20,088 million.

As of May 23, 2016, there were 301,609,583 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 2016 Annual Meeting of Stockholders (the "2016 Proxy") are incorporated by reference into Part III hereof. The 2016 Proxy is expected to be filed not later than 120 days after the registrant's fiscal year end.

ELECTRONIC ARTS INC.
2016 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 9.

PART I

Item 1: *Business*

Overview

We are a global leader in digital interactive entertainment. We develop, market, publish and distribute games, content and services that can be played by consumers on a variety of platforms, which include consoles (such as the PlayStation from Sony and Xbox from Microsoft), PCs, mobile phones and tablets.

We were incorporated originally 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.

Our Strategy

We have three core strategies:

- Players First
- Commitment to Digital
- One EA

Players First

Players are the foundation of our success, and we are committed to thinking about players first in everything we do. Our goal is to build deep, on-going relationships with our players. We aim to build these relationships by creating amazing games and services that deliver long-lasting fun and enduring value.

Our games and services are based on a portfolio of intellectual property that includes established brands such as FIFA, Madden NFL, Star Wars, Battlefield, the Sims and Need for Speed. We were the number one publisher on PlayStation 4 and Xbox One consoles and the number four publisher on mobile in the Western World for calendar year 2015 based on available sources and EA estimates. We achieved this result by delivering popular and award-winning games to our players, including *FIFA 16, Madden NFL 16, Star Wars Battlefront* and *Battlefield: Hardline*.

Commitment to Digital

Players increasingly are buying and playing games digitally rather than purchasing disc-based games from retailers. In addition, players are engaging with those games for longer periods of time, as they purchase additional content and services that we provide digitally. For example, features such as the Ultimate Team mode

in our FIFA, Madden NFL and NHL games and digitally delivered expansion packs for our Star Wars, Battlefield and Sims franchises have extended the life of those games by engaging players over longer periods of time. This digital transformation also is creating opportunities in platforms, content models and modalities of play. For example, we have leveraged franchises historically associated with consoles and traditional PC gaming, such as FIFA, Madden NFL, The Sims, SimCity, and Star Wars, to create mobile and PC free-to-download games that are monetized through a business model in which we sell incremental content and/or features in discrete transactions.

Our digital transformation also gives us the opportunity to strengthen our player network. We are investing in a technology foundation to enable us to build player relationships that can last for years instead of for days or weeks by connecting our players to us and to each other. This connection allows us to market and deliver content and services for popular franchises like FIFA, Battlefield and Star Wars to our players more efficiently. That same foundation also enables new player-centric ways to discover and try new experiences, such as our subscription-based EA Access and Origin Access services.

We believe that our digital revenue, which generally has a higher gross margin relative to packaged goods sales revenue, will continue to increase during fiscal year 2017 relative to packaged goods revenue and in absolute terms as we continue to focus on developing and monetizing products and services that can be delivered digitally.

One EA

The pursuit of our goals requires that we operate as one team that is faster, more focused and constantly evolving, and we have undertaken a cultural shift across our organization in order to become more flexible. We have changed how we develop our games, engaging players through alphas, betas and other programs to seek out more feedback earlier in the game development process. We have also changed the makeup and skill set of our workforce, and combined the art of game-making with the science of managing dynamic live services and marketing those games and services. These changes have enabled us to increase our operational speed and organizational flexibility while improving our fiscal discipline.

Our Games and Services

We develop games and services for consoles, PCs, mobile phones and tablets, and we market and sell our games and services through retail channels and through digital distribution channels. We believe that flexibility across platforms and distribution channels is critical to maintaining and growing our overall consumer base, which continues to evolve in response to the introduction of new platforms and business models. New gaming platforms, engagement models and business models are expected to continue to emerge in the future, and we intend to evaluate these new platform, engagement and business model opportunities on a case-by-case basis.

Digitally, our console games, additional content and online services can be purchased through Sony's PlayStation Network and Microsoft's Xbox Store. Our PC games and additional content can be downloaded directly through our Origin online platform, as well as through third-party online download stores. Our mobile, tablet and PC free-to-download games and additional content are available through third-party application storefronts such as the Apple App Store and Google Play. Our massively multi-player online service, *Star Wars: The Old Republic*, is available both as a free-to-download and as a subscription basis, and certain casual games such as card, puzzle and word games are available through our Pogo online service.

Our packaged goods games are sold in mass market retailers (such as Walmart), electronics specialty stores (such as Best Buy) and game software specialty stores (such as GameStop). Our direct sales to GameStop Corp. represented approximately 11 percent and 13 percent of total net revenue in fiscal years 2015, and 2014, respectively. We sell our games to GameStop Corp. 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 GameStop.

In our games, we utilize established brands that we either wholly own (such as Battlefield, Mass Effect, Need for Speed, The Sims and Plants v. Zombies) or license from others (such as FIFA, Madden NFL and Star Wars).

From time to time, we contract with external game developers, such as Respawn Entertainment, to develop our games or to publish and distribute their games. We also partner with third parties to publish our mobile and PC games in certain Asian territories, such as our partnerships with Tencent Holdings Limited and Nexon Co. Ltd. for *FIFA Online 3* in China and Korea, respectively. We believe that leveraging established brands across a diverse range of genres and platforms enables us to build long-term relationships with a wide variety of players. In fiscal year 2016, revenue from sales of *FIFA 16* represented approximately 16 percent of our total net revenue; in fiscal year 2015, revenue from sales of *FIFA 15* represented approximately 15 percent of our total net revenue; and in fiscal year 2014, revenue from sales of *FIFA 14* represented approximately 15 percent of our total net revenue.

We also are investing in a number of long-term initiatives that we believe will allow us to better serve and deepen our engagement with our players, such as our EA Competitive Gaming Division through which we will focus our efforts in competitive gaming and eSports.

Significant Relationships

Sony & Microsoft. Under the terms of agreements we have entered into with Sony Computer Entertainment Inc. and its affiliates and with Microsoft Corporation 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 and the Xbox 360 and Xbox One, respectively. As of the date of this filing, we have not entered into a 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.

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 them to publish our games on their respective 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. 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. 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. Our direct sales to Sony represented approximately 16 percent of total net revenue in fiscal years 2016. Our direct sales to Microsoft represented approximately 14 percent and 10 percent of total net revenue in fiscal years 2016 and 2015 respectively.

The platform license agreements also require us to indemnify the console manufacturers for any loss, liability and expense resulting from any claim against the console manufacturer regarding our games and services, including any claims for patent, copyright or trademark infringement brought against the console manufacturer. Each platform license may be terminated by the console manufacturer if a breach or default by us is not cured after we receive written notice from the console manufacturer, or if we become insolvent. The console 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 and additional content through distribution partners worldwide, including Apple and Google. Consumers download our applications for their mobile devices from third party-application storefronts. The distributor charges 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 may still charge the consumer for additional content that is purchased by the consumer within the application. Our distribution agreements establish the fees to be retained by the distributor and the amounts passed through to us for distributing our applications and additional content. These arrangements are typically terminable on short notice. The agreements generally do not obligate the distributors to market or distribute any of our applications.

Publishing Partners in Asia. We have entered into agreements whereby we partner with certain companies, including Tencent Holdings Limited and Nexon Co., Ltd. or their respective affiliates, pursuant to which these companies publish our mobile and PC free-to-download games in certain Asian territories, including China and Korea. Our players download games from the publishers' platforms, and are charged for additional content purchased within our game environment. The agreements generally establish the amounts that are retained by the publishers, and the amounts that are passed through to us.

Competition

The market for interactive entertainment is intensely competitive and changes rapidly as new products and platforms are introduced. We also face competition for the right to use certain intellectual property included in our products. We face significant competition, primarily from the following:

- Companies that are focused on developing and publishing games that operate on consoles and on PCs, such as Activision Blizzard, Take-Two Interactive and Ubisoft, as well as diversified media companies such as Warner Bros. and Sony and Microsoft, each of which develops and publishes software for its respective console platform;
- Companies that develop and publish mobile game applications; and
- Companies that develop and publish PC free-to-download online gaming services.

More broadly, we compete against providers of different sources of entertainment, such as motion pictures, television, social networking, online casual entertainment and music that our players could enjoy in their free time. Important competitive factors include game quality and ease of use, compatibility of products with certain platforms, brand recognition, price, marketing, and quality of customer service.

Intellectual Property

To establish and protect our intellectual property, we rely on a combination of copyrights, trademarks, patents, patent applications, trade secrets, know-how, license agreements, confidentiality provisions and procedures and other contractual provisions. We actively engage in enforcement and other activities to protect our intellectual property. In addition, we engage in activities designed to limit the impact of abuse of our digital products and services, including monitoring our games for evidence of exploitation and re-balancing our game environments in the event that such abuse is discovered.

Governmental 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 that may have an impact on our business 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.

Seasonality

We have historically experienced the highest percentage of our sales in our third fiscal quarter due to seasonal holiday demand; however, there can be no assurance that this 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 from the quarter in which we recognize the highest amount of net revenue.

Employees

As of March 31, 2016, we had approximately 8,500 regular, full-time employees, over 5,200 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 8 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

Information about Geographic Areas and Research & Development Expense

Information regarding financial data by geographic area is set forth in Part II, Item 8 of this Form 10-K in the Notes to Consolidated Financial Statements in Note 18, "Segment Information". Information regarding financial data is set forth in Part II, Item 6 of this Form 10-K under the heading "Selected Financial Data," and information regarding certain risks attendant to our foreign operations is set forth in Part II, Item 7 of this Form 10-K under the heading "Financial Results" and "Trends in Our Business" For the fiscal years ended March 31, 2016, 2015 and 2014, research and development expenses were $1,109 million, $1,094 million and $1,125 million, respectively.

Executive Officers

The following table sets forth information regarding our executive officers as of May 26, 2016:

Name	Age	Position
Andrew Wilson	41	Chief Executive Officer
Blake Jorgensen	56	Executive Vice President, Chief Financial Officer
Peter R. Moore	61	Executive Vice President, Chief Competition Officer
Patrick Söderlund	42	Executive Vice President, EA Studios
Laura Miele	46	Executive Vice President, Global Publishing
Kenneth Moss	50	Chief Technology Officer
Christopher Bruzzo	46	Chief Marketing Officer
Joel Linzner	64	Executive Vice President, Worldwide Business Affairs
Gabrielle Toledano	49	Executive Vice President, Chief Talent Officer
Samantha Smith	47	Senior Vice President, EA Mobile and Maxis
Kenneth A. Barker	49	Senior Vice President, Chief Accounting Officer
Jacob J. Schatz	47	Senior Vice President, General Counsel and Corporate Secretary

Mr. Wilson has served as EA's Chief Executive Officer and as a director of EA since September 2013. Prior to his appointment as our Chief Executive Officer, Mr. Wilson held several positions within the Company since joining EA in May 2000, including Executive Vice President, EA SPORTS from August 2011 to September 2013 and Senior Vice President, EA SPORTS from March 2010 to August 2011. Mr. Wilson serves on the Board of Directors of the World Surf League.

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 has served as Executive Vice President and Chief Competition Officer since December 2015. Previously, he served as EA's Chief Operating Officer from August 2011 until March 2016 and as President, EA SPORTS from September 2007 to August 2011. From January 2003 until he joined EA in 2007, 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 has served as Executive Vice President, EA Studios since September 2013. Prior to that time, he served as Executive Vice President, EA Games Label from August 2011 to September 2013. From December 2010 to July 2011, he served as Executive Vice President, Group General Manager — FPS/Driving. Mr. Söderlund joined EA in October 2006 when EA purchased DICE studios where he was the Chief Executive Officer.

Laura Miele has served as Executive Vice President, Global Studios since April 2016. Ms. Miele joined the Company in March 1996 and has held several positions at the Company, including Senior Vice President, Americas Publishing, General Manager of the Company's Star Wars business, Senior Vice President of Games Label Marketing and Group Vice President of Games Label Marketing. Ms. Miele serves on the board of Silicon Valley Community Foundation.

Mr. Moss has served as Chief Technology Officer since July 2014. Prior to joining EA, he served as Vice President of Market Places Technology, Science and Data at eBay Inc. since November 2011. Prior to joining eBay, he co-founded CrowdEye, Inc. in September 2008 and served as its Chief Executive Officer. Mr. Moss graduated from Princeton University with a B.A. in Molecular Biology.

Mr. Bruzzo has served as Chief Marketing Officer since September 2014. Prior to joining EA, he served as Senior Vice President at Starbucks Corporation from June 2011 to August 2014 and Vice President from June 2008 to June 2011. Mr. Bruzzo is currently a director of Blue Nile, Inc. Mr. Bruzzo graduated from Whitworth University with a B.A. in Political Studies.

Mr. Linzner has served as Executive Vice President, Worldwide Business Affairs since April 2016. From March 2005 until April 2016, Mr. Linzner was EA's Executive Vice President, Business and Legal Affairs. 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 has served as our Executive Vice President and Chief Talent Officer since April 2007. Ms. Toledano was Senior Vice President, Human Resources at EA from February 2006 to March 2007. Ms. Toledano also serves on the Board of Directors of Jive Software, Inc., TalentSky, Inc. and Visier, Inc., privately-held companies. Ms. Toledano earned both her undergraduate degree in Humanities and her graduate degree in Education from Stanford University.

Ms. Smith joined EA in March 2015 as Senior Vice President and Group GM. She took over leadership of EA Mobile in July 2015 and Maxis in September 2015. Prior to joining EA, she served as Senior Vice President, Production & Development at Warner Bros. Interactive Entertainment since February 2007. Ms. Smith graduated from Ashland University with a B.A. in Broadcasting.

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 serves on the Board of Directors of Corsair Components, Inc., the Audit Committee of Community Gatepath, a non-profit organization and on the Accounting Advisory Board for the University of Notre Dame. Mr. Barker graduated from the University of Notre Dame with a B.A. degree in Accounting.

Mr. Schatz has served as Senior Vice President, General Counsel and Corporate Secretary since June 2014. Mr. Schatz joined EA in 1999 and prior to his current role, he served as Deputy General Counsel and as Vice President since 2006. Mr. Schatz earned his J.D. from Georgetown University Law Center, and received his B.A. in Government from Pomona College. Mr. Schatz 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.

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 or 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 could be material that may harm our business or 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-download), 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 if we do not continue to develop consistently high-quality and well-received products and services, our revenue, margins, and profitability will decline.

We maintain a relatively limited 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 a relatively small number of major titles each year also concentrates risk in those titles and means each major title has greater associated risk. The increased importance of extra content and live services revenue to our business heightens this risk as extra content and live services for poorly-received or underperforming games may generate lower than expected sales. A significant portion of our revenue has historically been derived from games and services based on a few popular franchises. For example, in fiscal year 2016, net revenue generated from the sale of products and services associated with our three largest franchises accounted for approximately 55 percent of our net revenue. The underperformance of a single major title and the associated extra content 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, sports seasons or movies that we tie our product release schedules to are delayed, cancelled or poorly received.

Our ability to meet product development schedules is affected by a number of factors both within and outside our control, including feedback from our players, the creative processes involved, the coordination of large and sometimes geographically dispersed development teams, the complexity of our products and the platforms for which they are developed, the need to fine-tune our products prior to their release, and, in certain cases, approvals from third parties. We have experienced development delays for our products in the past, which caused us to delay or cancel release dates. We also seek to release certain products in conjunction with key events, such as the beginning of a sports season, major sporting event, or the release of a related movie. If such a key event were delayed, cancelled or poorly received, our sales would likely suffer materially. 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.

Our business is highly seasonal with the highest percentage of our sales occurring in the quarter ending in December. 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 harm our financial performance disproportionately.

Our business is dependent on the success and availability of platforms developed by third parties, as well as our ability to develop commercially successful products and services for these platforms.

The success of our business is driven in part by the commercial success and adequate supply of platforms developed by third parties. Our success also depends on our ability to accurately predict which platforms will be successful in the marketplace, our ability to develop commercially successful products and services for these platforms and our ability to effectively manage the transition from current generation platforms to next generation 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 as 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 not be able to take advantage of meaningful revenue opportunities.

Technology changes rapidly in our business and if we fail to anticipate or successfully implement new technologies in our games or adopt new business strategies, distribution technologies or methods, the quality, timeliness and competitiveness of our products and services may 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 products and services that we pursue will be successful and will not materially adversely affect our reputation, financial condition, and operating results. We also may miss opportunities to adopt technology, or develop products and 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, putting us at a competitive disadvantage.

Our product development usually starts with particular platforms and distribution methods in mind, and a range of technical development and game feature 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 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.

Security breaches and cyber threats could harm our reputation and adversely affect our business.

As our digital business grows, we continually face cyber risks and threats that seek to damage, disrupt or gain access to our networks, our products and services, and supporting infrastructure. Our business partners, including our channel partners, also are subject to these risks. Such cyber risks and threats may be difficult to detect. Any

failure to prevent or mitigate security breaches or cyber risk could result in interruptions to the services we provide, degrade the user experience, cause our users to lose confidence in our products, as well as significant legal and financial exposure. This could harm our business and reputation, disrupt our relationships with partners and diminish our competitive position.

Successful exploitation of our systems can have other negative effects upon the products, services and user experience we offer. In particular, the virtual economies that we have established in many of our games are subject to abuse, exploitation and other forms of fraudulent activity that can negatively impact our business. Virtual economies involve the use of virtual currency and/ or virtual assets that can be redeemed by a player within a particular game or game service. The abuse or exploitation of our virtual economies include the illegitimate generation and sale of virtual items in black markets. Our online services have been impacted by in-game exploits and the use of automated processes to generate virtual currency illegitimately in the past, which were traded in black markets. These kinds of activities and the steps that we take to address these issues may result in a loss of anticipated revenue, interfere with players' enjoyment of a balanced game environment and cause reputational harm.

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

We are investing and expect to continue to invest in technology, hardware and software to support the online functionality of our portfolio of products and services. Launching and operating games and services with online features, developing related technologies and implementing online business initiatives is expensive and complex. Execution of these initiatives could result in operational failures and other issues impacting the technical stability of our products and services. In addition, having the necessary infrastructure to support the online functionality of our products and services is vital to our growth and success. Our products and services could be adversely impacted by outages, disruptions and failures in our network and related infrastructure, as well as in the online platforms or services of key business partners who offer or support our products and services.

Our business is subject to currency fluctuations.

International sales are a fundamental part of our business. For our fiscal year ended March 31, 2016, international net revenue comprised 57 percent of our total net revenue, and we expect international sales to continue to account for a significant portion of our total net revenue. As a result of our international sales, and also the denomination of our foreign investments and our cash and cash equivalents in foreign currencies, we are exposed to the effects of fluctuations in foreign currency exchange rates. Strengthening of the U.S. dollar, particularly relative to the Euro, British pound sterling, Australian dollar, Chinese yuan and South Korean won, has a negative impact on our reported international net revenue but a positive impact on our reported international operating expenses (particularly when the U.S. dollar strengthens against the Swedish krona and the Canadian dollar) because these amounts are translated at lower rates. For example, during our fiscal year ended March 31, 2016, our reported international revenue would have been $266 million higher and our operating expenses would have been $113 million higher on a constant currency basis. 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.

Declines or fluctuations in the recurring portion of our business may have a negative impact on our financial and operating results.

Our business model includes revenue that we deem recurring in nature, such as revenue from our annualized titles (e.g., FIFA and Madden NFL), and associated services, and ongoing mobile businesses. While we are confident in our ability to forecast the revenue from these areas of our business with greater certainty than for new offerings, we cannot provide assurances that consumers will purchase these games and services on a consistent basis. Furthermore, we may cease to offer games and services that we previously had deemed to be recurring in nature. Consumer purchases of our games and services may decline or fluctuate as a result of a number of factors, including their level of satisfaction with our games and services, our ability to improve and innovate our annualized titles, our ability to adapt our games and services to new platforms, outages and

disruptions of our online services, the games and services offered by our competitors, our marketing and advertising efforts or declines in consumer activity generally as a result of economic downturns, among others. Any decline or fluctuation in the recurring portion of our business may have a negative impact on our financial and operating results.

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

From time to time we seek to establish and implement new business models. Forecasting our revenues and profitability for any new business models is inherently uncertain and volatile. Our actual revenue and profit for these businesses may be significantly greater or less than our forecasts. Additionally, these new business models could fail, resulting in the loss of our investment in the development and infrastructure needed to support these new business models, as well as the opportunity cost of diverting management and financial resources away from more successful and established businesses.

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 and services 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 and our Star Wars products include rights licensed from Disney. 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 revenue, profitability and cash flows may decline significantly. Competition for these licenses also may increase the amounts that we must pay to licensors and developers, through higher minimum guarantees or royalty rates, which could significantly increase our costs and reduce our profitability.

If external game developers fail to meet product development schedules or are unable to honor their obligations to us, our financial results may be harmed.

We may contract with external game developers to develop our games or to publish or distribute their games. While we maintain contractual protections, we have less control over the product development schedules of these games developed by external game developers, and we depend on their ability to meet product development schedules. If these developers cannot meet product development schedules, acquire certain approvals or are otherwise unable to honor their obligations to us, we may delay or cancel previously announced games, which could result in a delay or significant shortfall in anticipated revenue, harm our profitability and reputation, and cause our financial results to be materially affected.

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 and security laws generally.

In the course of our business, we collect, process, store and use consumer and other information, including personal information, passwords and credit card information. Although we take measures to protect this information from unauthorized access, acquisition, disclosure and misuse, our security controls, policies and practices may not be able to prevent the improper or unauthorized access, acquisition or disclosure of such information. In addition, third party vendors and business partners which in the course of our business receive access to information that we collect also may not prevent data security breaches with respect to the information we provide them or fully enforce our policies, contractual obligations and disclosures regarding the collection, use, storage, transfer and retention of personal data. The unauthorized access, acquisition or disclosure of this information could significantly harm our reputation, compel us to comply with disparate breach notification laws and otherwise subject us to proceedings by governmental entities or others and substantial legal liability. A perception that we do not adequately secure consumer and other 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 risks with respect to 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.

We are also subject to payment card association rules and obligations pursuant to contracts with payment card processors. Under these rules and obligations, if information is compromised, we could be liable to payment card issuers for the cost of associated expenses and penalties. In addition, if we fail to follow payment card industry security standards, even if no consumer information is compromised, we could incur significant fines or experience a significant increase in payment card transaction costs.

In addition, data privacy, security and consumer-protection laws are evolving, and the interpretation and application of these laws in the United States, Europe and elsewhere are often uncertain, contradictory and changing. 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, regulatory investigations and 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 consumers and revenue.

Negative player perceptions about our brands, products, services and/or business practices may damage our business and the costs incurred in addressing player concerns may increase our operating expenses.

Player expectations regarding the quality, performance and integrity of our products and services are high. Players may be critical of our brands, products, services and/or business practices for a wide variety of reasons. These negative player 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. In the past, we have taken actions, including delaying the release of our games and discontinuing services for our games, after taking into consideration, among other things, feedback from the player community even if those decisions negatively impacted our operating results in the short term. We expect to continue to take actions to address concerns as appropriate, including actions that may result in additional expenditures and the loss of revenue. Negative player sentiment about our business practices also can lead to investigations from regulatory agencies and consumer groups, as well as litigation, which, regardless of their outcome, may be costly, damaging to our reputation and harm our business.

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

Our products and services 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 or technical constraints. Therefore, these quality controls and preventative measures may not be effective in detecting all 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 offer a refund for the product or service, suspend the availability or sale of the product or service or expend significant resources to cure the defect, each of which could significantly harm our business and operating results.

During console system transition periods, our operating results have been volatile. Any inability to offset declining sales from legacy generation consoles could negatively impact our operating results.

Historically, new video game console systems have been developed and released every few years, which has caused the video game software market to be cyclical as well. In these periods of transition, 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 software sales typically stabilize after new consoles are widely established with the consumer base.

In November 2013 Sony released the PlayStation 4 and Microsoft released the Xbox One. Consistent with previous periods of console transition, we have seen consumers purchase fewer products and services for legacy generation consoles (i.e., the PlayStation 3 and Xbox 360, respectively) as the current generation consoles have gained consumer acceptance. During our 2016 fiscal year, sales associated with these legacy generation consoles declined significantly, and we expect these declines to continue, or possible accelerate, during our 2017 fiscal year. Any inability to offset declining sales from legacy generation consoles could negatively impact our operating results.

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

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, retention, electronic commerce, virtual items and currency, consumer protection, content, advertising, localization, and information security have been adopted or are being considered for adoption by many countries throughout the world. These laws could harm our business by limiting the products we are able to offer to our consumers or the manner in which we offer these products. 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 and result in penalties or significant legal liability.

We are subject to laws in certain foreign countries, and adhere to industry standards in the United States, that mandate rating requirements or set other restrictions on the advertisement or distribution of interactive entertainment software based on content. In addition, certain foreign countries allow government censorship of interactive entertainment software products. Adoption of ratings systems, censorship or restrictions on distribution of interactive entertainment software based on content could harm our business by limiting the products we are able to offer to our customers. In addition, compliance with new and possibly inconsistent regulations for different territories could be costly, delay or prevent the release of our products in those territories.

In addition, we may include additional competitive modes in our games and manage competitions based on our games and services. Although we structure and operate these skill based competitions with applicable laws in mind, our skill based competitions in the future could become subject to evolving rules and regulations and expose us to significant liability, penalties and reputational harm.

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 services and management of our businesses is extremely competitive. Our leading position within the interactive entertainment industry makes us a prime target for recruiting our executives as well as 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 and services are marketed worldwide through a diverse spectrum of advertising and promotional programs such as online and mobile advertising, television advertising, retail merchandising, website development, event sponsorship and direct communications with our consumers including via email. 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 fails 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 customers, and disruptions to sales through these customers could negatively impact our business.

We derive a significant percentage of our net revenue through sales to our top customers. The concentration of a significant percentage of our sales through one, or a few, large customers could lead to a short-term disruption to our business if certain of these customers significantly reduced their purchases or ceased to carry our products. We also could be more vulnerable to collection risk if one or more of these large customers became unable to pay

for our products or declared bankruptcy. Additionally, receivables from our customers generally increase in our December fiscal quarter as sales of our games and services generally increase in anticipation of the holiday season. Having a significant portion of our net revenue concentrated in sales through 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 agreements with our channel partners typically give them significant control over the approval, manufacturing and distribution of the products and services that we develop for their platform. In particular, our arrangements with Sony and Microsoft could, in certain circumstances, leave us unable to get our products and services approved, manufactured and distributed to customers. For our digital products and services delivered via digital channels such as Sony's PlayStation Network, Microsoft's Xbox Store, Apple's App Store and the Google Play store, each respective 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. Moreover, certain of our channel partners can determine and change unilaterally certain key terms and conditions, including the ability to change their user and developer policies and guidelines. In many cases our channel partners also set the rates that we must pay to provide our games and services through their online channels, and 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. 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.

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; 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 in many areas of our business. In addition, we may have disputes with our business partners that may impact our business and/or financial results. Their actions may put our business and our reputation at risk. In many cases, our business partners may be given access to sensitive and proprietary information in order to provide services and support to our teams, and they may misappropriate our information and engage in unauthorized use of it. In addition, 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, economic downturns, poor business decisions, or reputational harm may adversely affect our business partners and they may not be able to continue honoring their obligations to us or we may cease our arrangements with them. 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 claim that we have infringed their intellectual property rights. For example, patent holding companies may assert patent claims against us in which they seek to monetize patents they have

purchased or otherwise obtained. Although we take steps to avoid knowingly violating the intellectual property rights of others, it is possible that third parties still may claim infringement. In addition, our products often utilize complex, cutting-edge technology that may be subject to intellectual property 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.

Acquisitions, investments, divestitures and other strategic transactions could result in operating difficulties and other negative consequences.

We may make acquisitions or enter 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 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, diversion of management's attention from our other businesses, 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. In addition, we may not integrate these businesses successfully, including experiencing 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. These events could harm our operating results or financial condition. We also may divest or sell assets or a business and we may have difficulty selling such assets or business on acceptable terms in a timely manner. This could result in a delay in the achievement of our strategic objectives, cause us to incur additional expense, or the sale of such assets or business at a price or on terms that are less favorable than we anticipated.

Our products and brands are subject to the threat of piracy, unauthorized copying and other forms of intellectual property infringement.

We regard our products and brands as proprietary and take measures to protect our products, brands and other confidential information from infringement. We are aware that some unauthorized copying of our products and brands occurs, and if a significantly greater amount were to occur, it could negatively impact our business.

Piracy and other forms of unauthorized copying and use of our content and brands are persistent problems for us, and policing is difficult. Further, the laws of some countries in which our products are or may be distributed either do not protect our products and intellectual property rights to the same extent as the laws of the United States, or are poorly enforced. Legal protection of our rights may be ineffective in such countries. In addition, although we take steps to enforce and police our rights, factors such as the proliferation of technology designed to circumvent the protection measures used in our products, the availability of broadband access to the Internet, the refusal of Internet service providers or platform holders to remove infringing content in certain instances, and the proliferation of online channels through which infringing product is distributed all have contributed to an expansion in unauthorized copying of our products and brands.

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

We may be subject to outrages or disruptions of our infrastructure, including information technology system failures and network disruptions. These may be caused by natural disasters, cyber-incidents, weather events, power disruptions, telecommunications failures, acts of terrorism or other events. System redundancy may be ineffective or inadequate, and the Company's disaster recovery planning may not be sufficient for all eventualities. Such failures or disruptions could prevent access to our products, services or online stores selling our products and services. Our corporate headquarters in Redwood City, CA and our studio in Burnaby, British Columbia are located in seismically active regions, and certain of our game development activities and other essential business operations are conducted at these locations. An event that results in the disruption of any of our critical business or IT systems could harm our ability to conduct normal business operations.

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

We have $1 billion in senior unsecured notes (the "Senior Notes") and $163 million in convertible senior notes (the "Convertible Notes") outstanding as of March 31, 2016. We expect to settle $27 million of the Convertible Notes during the quarter ended June 30, 2016 as a result of conversions prior to maturity by the holders thereof. Any Convertible Notes that are not converted prior to maturity will mature in July 2016. We also have 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. We may enter into other financial instruments in the future.

Our indebtedness could affect our financial condition and future financial results by, among other things:

- Requiring 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;
- Utilizing funds that are domiciled in foreign tax jurisdictions in order to make the cash payments upon any redemption of the Senior 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; and
- Limiting our flexibility in planning for, or reacting to, changes in our business and our industry.

The agreements governing our indebtedness impose restrictions on us and require us to maintain compliance with specified covenants. In particular, the revolving credit facility includes a maximum capitalization ratio and minimum liquidity requirements. Our ability to comply with these covenants may be affected by events beyond our control. If we breach any of these covenants and do not obtain a waiver from the lenders or noteholders, then, subject to applicable cure periods, our outstanding indebtedness may be declared immediately due and payable. In addition, changes by any rating agency to our credit rating may negatively impact the value and liquidity of both our debt and equity securities, as well as the potential costs associated with any potential refinancing our indebtedness. Downgrades in our credit rating could also restrict our ability to obtain additional financing in the future and could affect the terms of any such financing.

In connection with the offering of the Convertible Notes, we entered into certain privately-negotiated transactions to reduce the potential dilution with respect to our common stock upon conversion of the Convertible Notes. We also entered into separate, privately-negotiated warrant transactions whereby we sold warrants to independent third parties. The effect of these activities could have an effect on the market price of our common stock and the trading price of the Notes. In addition, the counterparties to these agreements are financial institutions and we are subject to the risk that one or more of these counterparties might default on the transactions.

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, tax assets, 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 and costs 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 related costs of revenues are expensed as incurred instead of deferred and recognized ratably. In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*, which will replace existing revenue recognition guidance in U.S. GAAP when it becomes effective. While we have not yet determined the effect of the new standard on our Consolidated Financial Statements, we believe the new standard may 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. The new standard may also require us to materially change the way we account for related costs by requiring us to capitalize and amortize certain costs over the period the related assets are transferred to the customer.

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, costs 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 1.1 million square feet in North America and 929,000 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***

On July 29, 2010, Michael Davis, a former NFL running back, filed a putative class action in the United States District Court for the Northern District of California against the Company, alleging that certain past versions of *Madden NFL* included the images of certain retired NFL players without their permission. In March 2012, the trial court denied the Company's request to dismiss the complaint on First Amendment grounds. In January 2015, that trial court decision was affirmed by the Ninth Circuit Court of Appeals and the case was remanded back to the United States District Court for the Northern District of California, where the case is pending.

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, 2014 through March 31, 2016.

	Prices	
	High	**Low**
Fiscal Year Ended March 31, 2015:		
First Quarter	$37.15	$26.67
Second Quarter	38.42	33.31
Third Quarter	48.33	32.62
Fourth Quarter	58.24	45.96
Fiscal Year Ended March 31, 2016:		
First Quarter	68.00	56.03
Second Quarter	75.16	63.43
Third Quarter	76.77	65.04
Fourth Quarter	70.83	55.50

Holders

There were approximately 1,305 holders of record of our common stock as of May 23, 2016, and the closing price of our common stock was $73.24 per share as reported by the NASDAQ Global Select Market. In addition, 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

In May 2015, our Board of Directors authorized a program to repurchase up to $1 billion of our common stock. This stock repurchase program expires on May 31, 2017. Under the May 2015 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 repurchased approximately 2.1 million shares for approximately $134 million under this program during the three months ended March 31, 2016. We repurchased approximately 6.9 million shares for approximately $461 million during fiscal year 2016 under the May 2015 program. We continue to actively repurchase shares.

In February 2016, we announced a new $500 million stock repurchase program. This new program was incremental to the existing two-year $1 billion stock repurchase program announced in May 2015 and had an expiration date of May 31, 2016. We completed repurchases under the February 2016 program during the quarter ended March 31, 2016. We repurchased approximately 7.8 million shares for approximately $500 million under this new program.

The following table summarizes the number of shares repurchased in the fourth quarter of the fiscal year ended March 31, 2016:

Fiscal Month	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as part of Publicly Announced Programs	Maximum Dollar Value that May Still Be Purchased Under the Programs (in millions)
January 3 — January 30, 2016	577,061	$66.52	577,061	$ 634
January 31 — February 27, 2016	1,989,912	$60.36	1,989,912	$1,013
February 28 — April 2, 2016	7,374,038	$64.38	7,374,038	$ 539
	9,941,011	$63.70	9,941,011	

Transactions Related to our Convertible Notes and Convertible Note Hedge

During the quarter ended March 31, 2016, we issued, in the aggregate, 2,752,672 shares of our common stock to holders of our 0.75% Convertible Senior Notes due 2016 (the "Convertible Notes") that converted such Convertible Notes prior to the quarter ended March 31, 2016 pursuant to their terms. These shares of common stock were issued on multiple dates in January, February and March 2016 in reliance on Section 3(a)(9) of The Securities Act of 1933, as amended.

During the quarter ending June 30, 2016, we expect to settle $27 million in cash and a number of shares of our common stock equal in value to the excess conversion value. For example, based on the closing stock price of our common stock of $65.92 at the end of the quarter ended March 31, 2016, approximately 0.4 million shares of our common stock would be issuable to converting holders. The actual amount of shares issuable upon conversion will be determined based upon the market price of our common stock during an observation period following any conversion. For more information regarding the Convertible Notes and the conversion terms thereof, please see "Note 12 — Financing Arrangement" to the Consolidated Financial Statements in this Form 10-K.

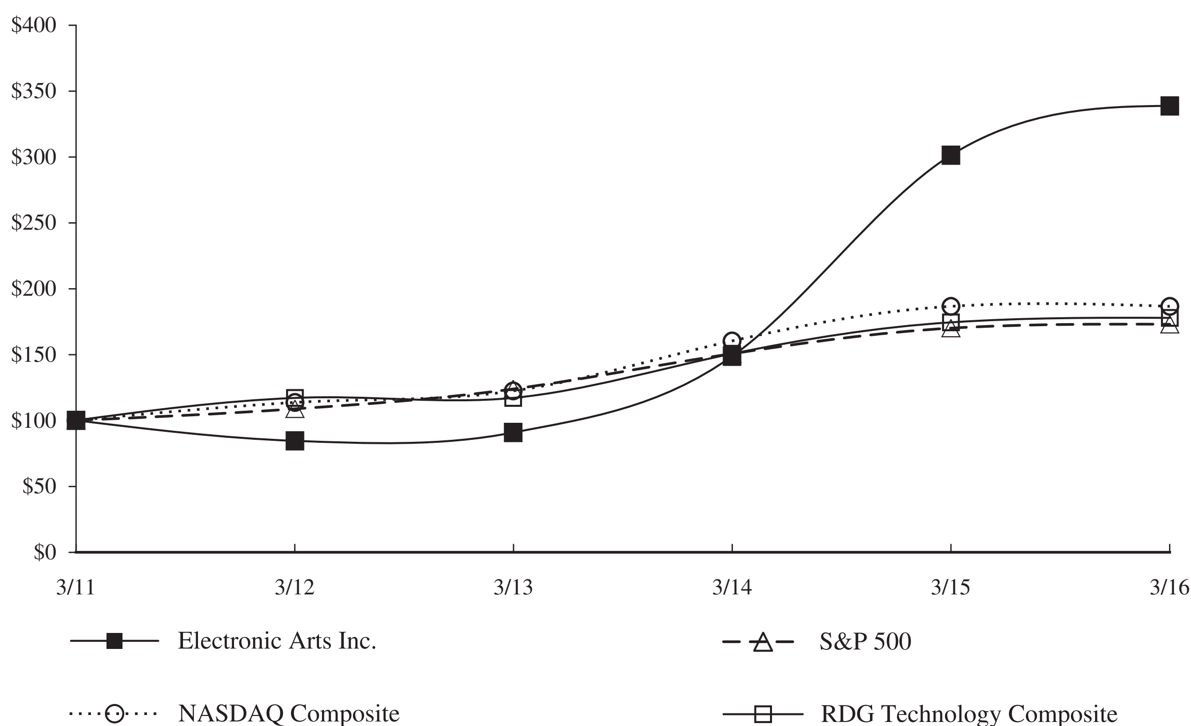
In connection with the conversions of the Convertible Notes that were settled during the quarter ended December 31, 2015, we exercised our option under privately negotiated convertible note hedge transactions (the "Convertible Note Hedge") to acquire 2,752,679 shares of our common stock. The counterparties to the Convertible Note Hedge may be deemed "affiliated purchasers" and may have purchased the shares of our common stock deliverable to us upon exercise of our option during the quarter ended March 31, 2016. Subsequent to March 31, 2016, we expect to receive a number of shares of our common stock under the Convertible Note Hedge substantially equal to the number of shares of our common stock to be issued in connection with any conversions of the Convertible Notes. For more information regarding the Convertible Note Hedge, please see "Note 12 — Financing Arrangement" to the Consolidated Financial Statements in this Form 10-K.

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, 2011 through March 31, 2016, 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. 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, 2011 in stock or index, including reinvestment of dividends.

	March 31,					
	2011	2012	2013	2014	2015	2016
Electronic Arts Inc.	$100	$ 84	$ 91	$149	$301	$339
S&P 500 Index	100	109	124	151	170	173
NASDAQ Composite Index	100	114	122	160	187	187
RDG Technology Composite Index	100	117	117	151	174	178

Annual Report

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

ELECTRONIC ARTS INC. AND SUBSIDIARIES

SELECTED FIVE-YEAR CONSOLIDATED FINANCIAL DATA

(In millions, except per share data)

STATEMENTS OF OPERATIONS DATA	Year Ended March 31,				
	2016	2015	2014	2013	2012
Net revenue	$4,396	$4,515	$3,575	$3,797	$4,143
Cost of revenue	1,354	1,429	1,347	1,388	1,598
Gross profit	3,042	3,086	2,228	2,409	2,545
Total operating expenses	2,144	2,138	2,195	2,288	2,510
Operating income	898	948	33	121	35
Gains on strategic investments, net	—	—	—	39	—
Interest and other income (expense), net	(21)	(23)	(26)	(21)	(17)
Income before provision for (benefit from) income taxes	877	925	7	139	18
Provision for (benefit from) income taxes	(279)	50	(1)	41	(58)
Net income	$1,156	$ 875	$ 8	$ 98	$ 76
Earnings per share:					
Basic	$ 3.73	$ 2.81	$ 0.03	$ 0.32	$ 0.23
Diluted	$ 3.50	$ 2.69	$ 0.03	$ 0.31	$ 0.23
Number of shares used in computation:					
Basic	310	311	308	310	331
Diluted	330	325	316	313	336

BALANCE SHEETS DATA	As of March 31,				
	2016	2015	2014	2013	2012
Cash and cash equivalents	$2,493	$2,068	$1,782	$1,292	$1,293
Short-term investments	1,341	953	583	388	437
Marketable equity securities	—	—	—	—	119
Working capital	1,936[(a)]	973[(a)]	748	408	489
Total assets	7,050	6,147	5,716	5,070	5,491
0.75% convertible senior notes due 2016, net	163[(a)]	633[(a)]	580	559	539
Senior notes, net	989[(b)]	—	—	—	—
Other long-term liabilities	245	333	324	327	374
Total liabilities	3,652	3,080	3,294	2,803	3,033
Total stockholders' equity	3,396[(a)]	3,036[(a)]	2,422	2,267	2,458

(a) The Convertible Notes are currently convertible at the option of the holder through July 13, 2016, and the carrying value of the Convertible Notes was reclassified as a current liability and the excess of the principal amount over the carrying value of the Convertible Notes was reclassified from permanent equity to temporary equity in the Consolidated Balance Sheets as of March 31, 2016 and March 31, 2015. See Note 12 — Financing Arrangements to the Consolidated Financial Statements in this Form 10-K as it relates to the Convertible Notes, the convertibility of the Convertible Notes, and the Convertible Note Hedge and Warrants, which is incorporated by reference into this Item 6.

(b) In February 2016, we issued $600 million aggregate principal amount of 3.70% Senior Notes due March 1, 2021 (the "2021 Notes") and $400 million aggregate principal amount of 4.80% Senior Notes due March 1, 2026 (the "2026 Notes," and together with the 2021 Notes, the "Senior Notes"). See Note 12 — Financing Arrangements to the Consolidated Financial Statements in this Form 10-K as it relates to our Senior Notes, which is incorporated by reference into this Item 6.

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 provides important context for our results for the fiscal year ended March 31, 2016, 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 are a global leader in digital interactive entertainment. We develop, market, publish and distribute games, content and services that can be played by consumers on a variety of platforms, which include consoles (such as the PlayStation from Sony, and the Xbox from Microsoft), PCs, mobile phones and tablets. Some of our games are based on our wholly-owned intellectual property (*e.g.*, Battlefield, Mass Effect, Need for Speed, The Sims and Plants vs. Zombies), and some of our games leverage content that we license from others (*e.g.*, FIFA, Madden NFL and Star Wars). We also publish and distribute games developed by third parties *(e.g.,* Titanfall*)*. Our products and services may be purchased through multiple distribution channels, including physical and online retailers, platform providers such as console manufacturers, providers of free-to-download PC games, mobile carriers and directly through Origin, our own digital distribution platform.

Financial Results

Our key financial results for our fiscal year ended March 31, 2016 were as follows:

- Total net revenue was $4,396 million, down 3 percent year-over-year. Excluding the negative impact of foreign currency exchange rates, we estimate that total net revenue would have been $4,662 million, up 3 percent year over year.
- Digital revenue was $2,409 million, up 10 percent year-over-year.
- International net revenue was $2,489 million, down 3 percent year-over-year.
- Gross margin was 69.2 percent.
- Operating expenses were $2,144 million.
- Net income was $1,156 million, with diluted earnings per share of $3.50.
- Operating cash flow was $1,223 million.
- Cash and cash equivalents were $2,493 million and short-term investments were $1,341 million.

Trends in Our Business

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 digitally, with additional content, features and services helping to extend the life of our packaged goods and digital games. For example, the Ultimate Team mode incorporated into iterations of our FIFA, Madden NFL and NHL franchises and expansion packs available digitally for our Star Wars, Battlefield and Sims franchises have kept many of our players engaged with those games for longer periods of time. Our digital transformation is also creating opportunities in platforms, content models and modalities of play. For example, we have leveraged franchises typically associated with consoles and traditional PC gaming, such as FIFA, Madden NFL, The Sims, SimCity and Star Wars, to create mobile and PC free-to-download games that are monetized through a business model through which we sell incremental content and/or features in discrete transactions. We also provide our EA Access service for the Xbox One and Origin Access service on PC, which offer players access to a selection of EA games and other benefits for a monthly or annual fee.

Our digital transformation also gives us the opportunity to strengthen our player network. We are investing in a technology foundation to enable us to build player relationships that can last for years instead of for days or weeks by connecting our players to us and to each other. This connection allows us to market and deliver content and services for popular franchises like FIFA, Battlefield and Star Wars to our players more efficiently. That same foundation also enables new player-centric ways to discover and try new experiences, such as our subscription-based EA Access and Origin Access services.

We significantly increased our digital net revenue from $1,833 million in fiscal year 2014 to $2,199 million in fiscal year 2015 and $2,409 million during fiscal year 2016. We expect this portion of our business to continue to grow through fiscal year 2017 and beyond as we continue to focus on developing and monetizing products and services that can be delivered digitally.

Foreign Currency Exchange Rates. International sales are a fundamental part of our business, and the strengthening of the U.S. dollar (particularly relative to the Euro, British pound sterling, Australian dollar, Chinese yuan and South Korean won) has a negative impact on our reported international net revenue, but a positive impact on our reported international operating expenses (particularly the Swedish krona and Canadian dollar) because these amounts are translated at lower rates as compared to periods in which the U.S. Dollar is weaker. While we use foreign currency hedging contracts to mitigate some foreign currency exchange risk, these activities are limited in the protection that they provide us and can themselves result in losses. We estimate that foreign currency exchange rates had a negative impact of $266 million on our reported net revenue during fiscal year 2016 as compared to fiscal year 2015, but the strengthening of the U.S. dollar had a positive impact of $113 million on our reported operating expenses as a significant portion of those expenses are incurred outside the United States.

Mobile and PC Free-to-Download Games. The proliferation of mobile phones and tablets has significantly increased the consumer base for mobile games. The broad consumer acceptance of business models which allow consumers to try new games with no up-front cost and pay for additional content or in-game items, has led to growth in the mobile gaming industry. Likewise, the mass introduction and wide consumer acceptance of free-to-download, 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-download games to remain an important part of our business.

We track an estimate of monthly active users ("MAUs") for our mobile business, which we believe is a useful indicator of player engagement trends for that business. For the fiscal year ended March 31, 2016, we had average MAUs of over 160 million. MAUs are the aggregate number of individuals who accessed a particular game on a particular device in the last 30 days as of the measurement date. For our calculation, an individual who either plays two of our games on a single device, or the same game on two devices in the relevant period, would be counted as two users. Average MAUs for a particular period is the average of the MAUs at each month-end during that period. MAUs are calculated using internal company data based on tracking the activity of user accounts. We also include in this calculation data provided by our third party publishing partners for certain games that we develop but we exclude information from third party titles that we publish. From time to time, we adjust the calculation for user activity that is inconsistent with our methodology. We believe that the numbers are reasonable estimates of our user base for the applicable period of measurement; however, factors relating to user activity may impact these numbers. Our methodology for calculating MAUs may differ from the methodology used by other companies to calculate this metric.

Concentration of Sales Among the Most Popular Games. In all major segments of our industry, we see a large portion of games sales concentrated on the most popular titles, and many of those titles are sequels of prior games. Similarly, a significant portion of our revenue historically has been derived from games and services based on a few popular franchises, several of which we have released on an annual or bi-annual basis. For example, in fiscal year 2016, net revenue generated from the sale of products and services associated with our three largest franchises accounted for approximately 55 percent of our net revenue. We expect this trend to continue.

Recurring Revenue Sources. Our business model includes revenue that we deem recurring in nature, such as revenue from our annualized titles (such as FIFA and Madden NFL) and associated services, our ongoing mobile business and subscription programs. We have greater confidence in our ability to forecast revenue from these areas of our business than for new offerings. As we continue to leverage the digital transformation in our industry and incorporate new content models and modalities of play into our games, our goal is to continue to look for opportunities to expand the recurring portion of our business.

Recent Developments

Stock Repurchase Program. In May 2015, our Board of Directors authorized a program to repurchase up to $1 billion of our common stock. This stock repurchase program expires on May 31, 2017. During the fiscal year ended March 31, 2016, we repurchased approximately 6.9 million shares for approximately $461 million under the May 2015 program. We continue to actively repurchase shares under this program.

On February 3, 2016, our Board of Directors authorized a new program to repurchase up to $500 million of EA's common stock. This program was incremental to the May 2015 program. We have completed repurchases under the February 2016 program, repurchasing 7.8 million shares for approximately $500 million.

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 (*e.g*., micro-transactions) and services on consoles (such as the PlayStation from Sony and the Xbox from Microsoft), PCs, 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 (*e.g.,* full-game downloads, extra-content), 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 (*e.g*., premium mobile games) in order to utilize the game or related content (*i.e.* can be played with or without an Internet connection), 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 free-to-download mobile games), (2) massively multi-player online ("MMO") games (both software game and subscription sales), (3) subscriptions for our Battlefield Premium, EA Access, 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*. For packaged goods, 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. If there is significant uncertainty of acceptance, revenue is recognized once acceptance is reasonably assured.

Online-Enabled Games

The majority of our software games and related content have online connectivity 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 (*e.g.,* player roster updates to *Madden NFL 16*) to online-enabled games and related content 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 and related content 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, 2015, we evaluate all online-enabled games released between April 1, 2013 and March 31, 2014. 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 analyses, known and expected 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.

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.

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. 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

We evaluate sales of our interactive software games via third party storefronts, including digital storefronts such as Microsoft's Xbox Games Store, Sony PSN, Apple App Store, and Google Play, in order to determine whether or not we are acting as the primary obligor in the sale to the end consumer, 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 end consumer
- The storefront and Terms of Sale that govern the end consumer's purchase of the product or service
- The party that sets the pricing with the end consumer and has credit risk

Based on evaluation of the above indicators, we have determined that generally the third party is considered the primary obligor to end consumers for the sale of our interactive software games. We therefore report revenue related to these arrangements net of the fees retained by the storefront.

Sales Returns and Allowances and Bad Debt Reserves

We reduce revenue 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 that they have not resold to end consumers. 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, and 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.

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 and amount of extra content that 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 and service 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 using undiscounted cash flows when impairment indicators exist. If impairment exists, then the assets are written down to fair value. 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 (1) the expected impact of differences between the financial statement amount and the tax basis of assets and liabilities and (2) 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. 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.

From the third quarter of fiscal year 2009 to the third quarter of fiscal year 2016, we maintained a 100% valuation allowance against most of our U.S. deferred tax assets because there was insufficient positive evidence to overcome the existing negative evidence such that it was not more likely than not that the U.S. deferred tax

assets were realizable. While we reported U.S. pre-tax income in fiscal year 2015, because we reported U.S. pre-tax losses during the previous seven fiscal years, as well as in the second and third quarters of fiscal year 2016, we continued to maintain the 100% valuation allowance through the third quarter of fiscal year 2016.

In the fourth quarter of fiscal year 2016, we realized significant U.S. pre-tax income for both the fourth quarter and the fiscal year ended March 31, 2016. As of March 31, 2016, we had reported positive operating performance in the U.S. for two consecutive fiscal years and had also reported a cumulative three-year U.S. pre-tax profit. In addition, during the fourth quarter of fiscal year 2016, we completed our financial plan for fiscal year 2017 and expect continued positive operating performance in the U.S. We also considered forecasts of future taxable income and evaluated the utilization of tax credit carryforwards prior to their expiration. After considering these factors, we determined that the positive evidence overcame any negative evidence and concluded that it was more likely than not that the U.S. deferred tax assets were realizable. As a result, we released the valuation allowance against all of the U.S. federal deferred tax assets and a portion of the U.S. state deferred tax assets during the fourth quarter of fiscal year 2016. Accordingly, we recorded a $453 million income tax benefit in fiscal year 2016 for the reversal of a significant portion of our deferred tax valuation allowance.

As of March 31, 2016, we maintained a valuation allowance of $114 million, primarily related to specific U.S. state deferred tax assets and foreign capital loss carryovers, due to uncertainty about the future realization of these assets. In determining the amount of deferred tax assets that are more likely than not to be realized, we evaluated the potential to realize the assets through the utilization of tax loss and credit carrybacks, the reversal of existing taxable temporary differences, future taxable income exclusive of the reversal of existing taxable temporary differences, and certain tax planning strategies.

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 jurisdiction 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.

Impact of Recently Issued Accounting Standards

In April 2015, the FASB issued ASU 2015-05, *Intangibles — Goodwill and Other — Internal-Use Software* (Topic 350-40). The amendments of this ASU will help entities evaluate the accounting for fees paid by a customer in a cloud computing arrangement by providing guidance as to whether an arrangement includes the sale or license of software. The requirements will be effective for annual periods (and interim periods within those annual periods) beginning after December 15, 2015. The amendment may be adopted either prospectively to all arrangements entered into or materially modified after the effective date or retrospectively. Early adoption is permitted. We expect to adopt this new standard in the first quarter of fiscal year 2017. We do not expect the adoption to have a material impact on our Consolidated Financial Statements.

In March 2016, the FASB issued ASU 2016-09, *Compensation — Stock Compensation* (Topic 718)*: Improvements to Employee Share-Based Payment Accounting*, related to simplifications of employee share-based payment accounting. This pronouncement eliminates the APIC pool concept and requires that excess tax benefits and tax deficiencies be recorded in the income statement when awards are settled. The pronouncement also

addresses simplifications related to statement of cash flows classification, accounting for forfeitures, and minimum statutory tax withholding requirements. The pronouncement is effective for annual periods (and for interim periods within those annual periods) beginning after December 15, 2016. We are currently evaluating the timing and the impact of this new standard on our Consolidated Financial Statements and related disclosures.

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments* (Topic 825-10), which requires that most equity investments be measured at fair value, with subsequent changes in fair value recognized in net income. The ASU also impacts financial liabilities under the fair value option and the presentation and disclosure requirements for financial instruments. The requirements will be effective for annual periods (and interim periods within those annual periods) beginning after December 15, 2017. We are currently evaluating the impact of this new standard on our Consolidated Financial Statements and related disclosures.

In March 2016, the FASB issued ASU 2016-04, *Liabilities — Extinguishments of Liabilities* (Subtopic 405-20): *Recognition of Breakage for Certain Prepaid Stored-Value Products*. The amendments in the ASU are designed to provide guidance and eliminate diversity in the accounting for derecognition of prepaid stored-value product liabilities. Typically, a prepaid stored-value product liability is to be derecognized when it is probable that a significant reversal of the recognized breakage amount will not subsequently occur. This is when the likelihood of the product holder exercising its remaining rights becomes remote. This estimate shall be updated at the end of each period. The amendments in this ASU are effective for annual periods (and interim periods within those annual periods) beginning after December 15, 2017. Early adoption is permitted. We are currently evaluating the timing of adoption and impact of this new standard on our Consolidated Financial Statements and related disclosures.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606), which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The ASU will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. The standard permits the use of either the retrospective or cumulative effect transition method. This new revenue standard, as amended by ASU 2015-14, is effective in the first quarter of fiscal year 2019. In March 2016, the FASB issued ASU 2016-08, *Revenue from Contracts with Customers: Principal versus Agent Considerations (Reporting Revenue Gross versus Net)*, which clarifies the guidance in the new revenue standard on assessing whether an entity is a principal or agent in a revenue transaction. This conclusion impacts whether an entity reports revenue on a gross or net basis. In April 2016, the FASB issued ASU 2016-10, *Revenue from Contracts with Customers: Identifying Performance Obligations and Licensing*, which clarifies the guidance in the new revenue standard regarding an entity’s identification of its performance obligations in a contract, as well as an entity’s evaluation of the nature of its promise to grant a license of intellectual property and whether or not that revenue is recognized over time or at a point in time. In May 2016, the FASB issued ASU 2016-12, *Revenue from Contracts with Customers*: *Narrow- Scope Improvements and Practical Expedients*, which amends the guidance in the new revenue standard on collectibility, noncash consideration, presentation of sales tax, and transition. The amendments are intended to address implementation issues that were raised by stakeholders and provide additional practical expedients to reduce the cost and complexity of applying the new revenue standard. These pronouncements have the same effective date as the new revenue standard. While we are currently evaluating the method of adoption and the impact of the new revenue standard, as amended, on our Consolidated Financial Statements and related disclosures, we believe the adoption of the new standard may have a significant impact on the accounting for certain transactions with multiple elements or “bundled” arrangements (for example, sales of online-enabled games for which we do not have VSOE for unspecified future updates) because the requirement to have VSOE for undelivered elements under current accounting standards is eliminated under the new standard. Accordingly, we may be required to recognize as revenue a portion of the sales price upon delivery of the software, as compared to the current requirement of recognizing the entire sales price ratably over an estimated offering period. While we are still evaluating the total impact of the new revenue standard, as amended, we believe adoption of this new standard will have a material impact on our Consolidated Financial Statements and related disclosures.

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The FASB issued this update to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the

balance sheet and disclosing key information about leasing arrangements. The updated guidance is effective for annual periods beginning after December 15, 2018, including interim periods within those fiscal years. Early adoption of the update is permitted. We are currently evaluating the timing of adoption and impact of this new standard on our Consolidated Financial Statements and related disclosures.

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 year ended March 31, 2016 contained 53 weeks and ended on April 2, 2016. Our results of operations for the fiscal years ended March 31, 2015 and 2014 each contained 52 weeks and ended on March 28, 2015 and March 29, 2014, 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 consoles (such as the PlayStation from Sony and the Xbox 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.

Comparison of Fiscal Year 2016 to Fiscal Year 2015

Net Revenue

For fiscal year 2016, net revenue was $4,396 million and decreased $119 million, or 3 percent, as compared to fiscal year 2015. This decrease was driven by a $757 million decrease in revenue primarily from Titanfall, and the Battlefield and FIFA World Cup franchises. This decrease was partially offset by a $638 million increase in revenue primarily from the Star Wars, Madden NFL and SimCity franchises.

Net Revenue by Product Revenue and Service and Other Revenue

Our net revenue by product revenue and service and other revenue for fiscal years 2016 and 2015 was as follows (in millions):

	Year Ended March 31,			
	2016	2015	$ Change	% Change
Net revenue:				
Product	$2,497	$2,568	$ (71)	(3)%
Service and other	1,899	1,947	(48)	(2)%
Total net revenue	$4,396	$4,515	$(119)	(3)%

Product Revenue

For fiscal year 2016, product revenue was $2,497 million, primarily driven by *FIFA 16*, *FIFA 15* and *Star Wars Battlefront*. Product revenue decreased $71 million, as compared to fiscal year 2015. This decrease was driven by a $434 million decrease primarily from the Need for Speed, Battlefield and FIFA World Cup franchises. This decrease was partially offset by a $363 million increase primarily from *Star Wars Battlefront* and *Dragon Age: Inquisition*.

Service and Other Revenue

For fiscal year 2016, service and other revenue was $1,899 million, primarily driven by *FIFA Ultimate Team* and *Star Wars: The Old Republic.* Service and other revenue for fiscal year 2016 decreased $48 million, or 2 percent, as compared to fiscal year 2015. This decrease was driven by a $421 million decrease primarily from *Titanfall* and *Battlefield 4 Premium*. This decrease was partially offset by a $373 million increase primarily from the Madden NFL franchise, *Need for Speed 2015* and *SimCity BuildIt*.

Cost of Revenue

Cost of revenue for fiscal years 2016 and 2015 was as follows (in millions):

	March 31, 2016	% of Related Net Revenue	March 31, 2015	% of Related Net Revenue	% Change	Change as a % of Related Net Revenue
Cost of revenue:						
Product	$ 938	37.6%	$1,028	40.0%	(8.8)%	(2.4)%
Service and other	416	21.9%	401	20.6%	3.7%	1.3%
Total cost of revenue	$1,354	30.8%	$1,429	31.7%	(5.2)%	(0.9)%

Cost of Product Revenue

Cost of product revenue consists of (1) inventory costs, (2) certain royalty expenses for celebrities, professional sports, movie studios 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 and losses on previously unrecognized licensed intellectual property commitments, (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 $90 million, or 8.8 percent in fiscal year 2016, as compared to fiscal year 2015. Cost of product revenue decreased primarily due to a loss of $122 million on previously unrecognized licensed intellectual property commitment recognized during fiscal year 2015. Excluding the impact of the $122 million loss, cost of product revenue increased $32 million, or 4 percent, primarily due to an increase in royalty costs driven by *Star Wars Battlefront,* which was launched during the third quarter of fiscal year 2016, with no comparable royalty-bearing title launched during fiscal year 2015.

Cost of Service and Other Revenue

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

Cost of service and other revenue increased by $15 million, or 3.7 percent in fiscal year 2016, as compared to fiscal year 2015. The increase was primarily due to an increase in inventory costs due to the launch of *Need for Speed 2015* during fiscal year 2016, offset by a decrease in inventory costs due to *Titanfall*, launched for the Xbox 360 during fiscal year 2015.

Total Cost of Revenue as a Percentage of Total Net Revenue

During the fiscal year ended March 31, 2016, total cost of revenue as a percentage of total net revenue remained relatively consistent as compared to the fiscal year ended March 31, 2015.

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 our digital platform, software licenses and maintenance, and management overhead.

Research and development expenses for fiscal years 2016 and 2015 were as follows (in millions):

March 31, 2016	% of Net Revenue	March 31, 2015	% of Net Revenue	$ Change	% Change
$1,109	25%	$1,094	24%	$15	1%

Research and development expenses increased by $15 million, or 1 percent, in fiscal year 2016, as compared to fiscal year 2015. Excluding the estimated $70 million positive impact of foreign currency exchange rates, we estimate that research and development would have increased by $85 million. This $85 million increase on a constant currency basis was primarily due to (1) a $44 million increase in personnel-related costs primarily resulting from higher payroll taxes, the fiscal year 2016 containing 53 weeks as compared to 52 weeks in fiscal year 2015, and annual salary increases, (2) a $22 million increase in contracted services, primarily related to the Titanfall and UFC franchises, and *Unravel*, during fiscal year 2016, as compared to the same period in the prior fiscal year, and (3) a $21 million increase in stock-based compensation.

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 2016 and 2015 were as follows (in millions):

March 31, 2016	% of Net Revenue	March 31, 2015	% of Net Revenue	$ Change	% Change
$622	14%	$647	14%	$(25)	(4)%

Marketing and sales expenses decreased by $25 million, or 4 percent, in fiscal year 2016, as compared to fiscal year 2015. Excluding the estimated $25 million positive impact of foreign currency exchange rates, marketing and sales expense remained consistent during the fiscal year ended March 31, 2016 as compared to the fiscal year ended March 31, 2016.

General and Administrative

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

General and administrative expenses for fiscal years 2016 and 2015 were as follows (in millions):

March 31, 2016	% of Net Revenue	March 31, 2015	% of Net Revenue	$ Change	% Change
$406	9%	$386	9%	$20	5%

General and administrative expenses increased by $20 million, or 5 percent, in fiscal year 2016, as compared to fiscal year 2015. Excluding the estimated $19 million positive impact of foreign currency exchange rates, general

and administrative expenses would have increased by $39 million. This $39 million increase on a constant currency basis was primarily due to (1) a $18 million increase in facilities-related expenses, (2) a $18 million increase in personnel-related costs primarily resulting from higher payroll taxes, the fiscal year 2016 containing 53 weeks as compared to 52 weeks in fiscal year 2015, and annual salary increases, (3) a $10 million increase in stock-based compensation. This was partially offset by a $6 million decrease in litigation matters during fiscal year 2016 as compared to fiscal year 2015.

Income Taxes

Provision for (benefit from) income taxes for fiscal years 2016 and 2015 was as follows (in millions):

March 31, 2016	Effective Tax Rate	March 31, 2015	Effective Tax Rate
$(279)	(31.8)%	$50	5.4%

From the third quarter of fiscal year 2009 to the third quarter of fiscal year 2016, we maintained a 100% valuation allowance against most of our U.S. deferred tax assets because there was insufficient positive evidence to overcome the existing negative evidence such that it was not more likely than not that the U.S. deferred tax assets were realizable. While we reported U.S. pre-tax income in fiscal year 2015, because we reported U.S. pre-tax losses during the previous seven fiscal years, as well as in the second and third quarters of fiscal year 2016, we continued to maintain the 100% valuation allowance through the third quarter of fiscal year 2016.

In the fourth quarter of fiscal year 2016, we realized significant U.S. pre-tax income for both the fourth quarter and the fiscal year ended March 31, 2016. As of March 31, 2016, we had reported positive operating performance in the U.S. for two consecutive fiscal years and had also reported a cumulative three-year U.S. pre-tax profit. In addition, during the fourth quarter of fiscal year 2016, we completed our financial plan for fiscal year 2017 and expect continued positive operating performance in the U.S. We also considered forecasts of future taxable income and evaluated the utilization of tax credit carryforwards prior to their expiration. After considering these factors, we determined that the positive evidence overcame any negative evidence and concluded that it was more likely than not that the U.S. deferred tax assets were realizable. As a result, we released the valuation allowance against all of the U.S. federal deferred tax assets and a portion of the U.S. state deferred tax assets during the fourth quarter of fiscal year 2016. Accordingly, we recorded a $453 million income tax benefit in fiscal year 2016 for the reversal of a significant portion of our deferred tax valuation allowance.

Our effective tax rate for fiscal year 2016 was a tax benefit of 31.8 percent, primarily due to the reversal of the U.S. deferred tax valuation allowance. Excluding the impact of the reversal of the valuation allowance, our effective tax rate for fiscal year 2016 would have been 19.8 percent, which differs from the statutory rate of 35.0 percent primarily due to non-U.S. profits subject to a reduced or zero tax rates.

Our effective tax rate for the fiscal year 2015 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.

Prior to fiscal year 2016, our effective income tax rates have been significantly affected by the U.S. valuation allowance. As a result of the release of the valuation allowance in fiscal year 2016, we do not anticipate that our effective income tax rates for fiscal year 2017 and future periods will be as significantly affected by changes in our deferred tax valuation allowance as they were prior to fiscal year 2017. Our effective income tax rates for fiscal year 2017 and future periods will continue to 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.

Historically, we have considered all 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. During the fourth quarter of fiscal year 2016, we issued the Senior Notes and announced a $500 million stock repurchase program. In light of these future obligations, we reevaluated our intent to indefinitely reinvest all earnings of foreign subsidiary companies, and concluded that a portion of earnings of certain subsidiaries will no longer be considered to be indefinitely reinvested. As a result, we have recognized a deferred tax liability of $43 million for U.S. income taxes with respect to such earnings. We currently intend to continue to indefinitely reinvest a substantial majority of the undistributed earnings of our foreign subsidiaries outside of the United States.

Comparison of Fiscal Year 2015 to Fiscal Year 2014

Net Revenue

For fiscal year 2015, net revenue was $4,515 million and increased $940 million, or 26 percent, as compared to fiscal year 2014. This increase was driven by a $1,481 million increase in revenue primarily from the FIFA and Madden NFL franchises, and *Titanfall.* This increase was partially offset by a $541 million decrease in revenue primarily from the SimCity, Crysis, Dead Space, and NCAA Football franchises, and *Star Wars: The Old Republic.*

Net Revenue by Product Revenue and Service and Other Revenue

Our net revenue by product revenue and service and other revenue for fiscal years 2015 and 2014 was as follows (in millions):

	Year Ended March 31,			
	2015	2014	$ Change	% Change
Net revenue:				
Product	$2,568	$2,134	$434	20%
Service and other	1,947	1,441	506	35%
Total net revenue	$4,515	$3,575	$940	26%

Product Revenue

For fiscal year 2015, product revenue was $2,568 million, primarily driven by *FIFA 15*, *FIFA 14* and *Battlefield 4*. Product revenue increased $434 million, or 20 percent, as compared to fiscal year 2014. This increase was driven by an $837 million increase primarily from the FIFA, Madden NFL and Dragon Age franchises. This increase was partially offset by a $403 million decrease primarily from the Crysis, Dead Space, NCAA Football, Tiger Woods PGA Tour and Army of Two franchises.

Service and Other Revenue

For fiscal year 2015, service and other revenue was $1,947 million, primarily driven by *FIFA Ultimate Team, Titanfall,* and *Battlefield 4 Premium*. Service and other revenue for fiscal year 2015 increased $506 million, or 35 percent, as compared to fiscal year 2014. This increase was driven by a $660 million increase primarily from *Titanfall* and the FIFA and Plants vs Zombies franchises. This increase was partially offset by a $154 million decrease primarily from SimCity franchise, *Star Wars: The Old Republic,* and Pogo-branded online games services.

Cost of Revenue

Cost of revenue for fiscal years 2015 and 2014 was as follows (in millions):

	March 31, 2015	% of Related Net Revenue	March 31, 2014	% of Related Net Revenue	% Change	Change as a % of Related Net Revenue
Cost of revenue:						
Product	$1,028	40.0%	$1,032	48.4%	(0.4)%	(8.4)%
Service and other	401	20.6%	315	21.9%	27.3%	(1.3)%
Total cost of revenue	$1,429	31.7%	$1,347	37.7%	6.1%	(6.0)%

Cost of Product Revenue

Cost of product revenue decreased by $4 million, or 0.4 percent in fiscal year 2015, as compared to fiscal year 2014. Cost of product revenue decreased primarily due to an increase of digital product offerings (which have a lower average cost than our packaged goods and other product net revenue) during fiscal year 2015, as compared to the fiscal year 2014, partially offset by a loss of $122 million on a previously unrecognized licensed intellectual property commitment recognized during the three months ended June 30, 2014.

Cost of Service and Other Revenue

Cost of service and other revenue increased by $86 million, or 27.3 percent in fiscal year 2015, as compared to fiscal year 2014. The increase was primarily due to an increase in royalty-related costs due to *FIFA Ultimate Team*, *Madden Ultimate Team*, and *Titanfall*.

Total Cost of Revenue as a Percentage of Total Net Revenue

During the fiscal year ended March 31, 2015, total cost of revenue as a percentage of total net revenue decreased by 6.0 percent as compared to the fiscal year ended March 31, 2014. Excluding the loss of $122 million on previously unrecognized license intellectual property recognized during three months ended June 30, 2014, total cost of revenue as a percentage of total net revenue decreased 8.8 percent as a result of an increase in our digital products and services that generally have a lower cost than our packaged goods and other products.

Research and Development

Research and development expenses for fiscal years 2015 and 2014 were as follows (in millions):

March 31, 2015	% of Net Revenue	March 31, 2014	% of Net Revenue	$ Change	% Change
$1,094	24%	$1,125	31%	$(31)	(3)%

Research and development expenses decreased by $31 million, or 3 percent, in fiscal year 2015, as compared to fiscal year 2014. Excluding the $20 million positive impact of foreign currency exchange rates due to translation and related cash flow hedging activities, we estimate that research and development would have decreased by $11 million. This $11 million decrease was primarily due to a $15 million decrease in personnel-related costs resulting from a reduction in headcount and a $17 million decrease in contracted services as a result of higher development contracted services in fiscal year 2014 due to *Titanfall*, *Battlefield 4*, and *EA Sports UFC* as compared to the current fiscal year. These decreases were partially offset by a $21 million increase in facility-related costs primarily due to $6 million in operating costs for new office expansions and $5 million in certain facility closures.

Marketing and Sales

Marketing and sales expenses for fiscal years 2015 and 2014 were as follows (in millions):

March 31, 2015	% of Net Revenue	March 31, 2014	% of Net Revenue	$ Change	% Change
$647	14%	$680	19%	$(33)	(5)%

Marketing and sales expenses decreased by $33 million, or 5 percent, in fiscal year 2015, as compared to fiscal year 2014. The decrease was primarily due to (1) a $9 million decrease in personnel-related costs, (2) a $10 million decrease in facility-related costs, and (3) a $9 million decrease in contracted services due to fewer frontline title releases during fiscal year 2015 than during fiscal year 2014.

General and Administrative

General and administrative expenses for fiscal years 2015 and 2014 were as follows (in millions):

March 31, 2015	% of Net Revenue	March 31, 2014	% of Net Revenue	$ Change	% Change
$386	9%	$410	11%	$(24)	(6)%

General and administrative expenses decreased by $24 million, or 6 percent, in fiscal year 2015, as compared to fiscal year 2014, primarily due to a $30 million expense related to the settlement of a litigation matter during the fiscal year ended March 31, 2014 and an $23 million decrease in costs incurred on a license, both related to our college football franchise. This was partially offset by an $11 million increase primarily related to other litigation matters and a $16 million increase in personnel-related costs during the fiscal year ended March 31, 2015.

Acquisition-Related Contingent Consideration

Acquisition-related contingent consideration for fiscal years 2015 and 2014 were as follows (in millions):

March 31, 2015	% of Net Revenue	March 31, 2014	% of Net Revenue	$ Change	% Change
(3)	—%	(35)	(1)%	$32	91%

During fiscal year 2015, acquisition-related contingent consideration credits decreased by $32 million, or 91 percent, as compared to fiscal year 2014, primarily resulting from changes in the fair market value of the acquisition-related contingent consideration of our PopCap acquisition during fiscal year 2014. The PopCap earn-out expired on December 31, 2013. No payments were made under this earn-out.

Income Taxes

Provision for (benefit from) income taxes for fiscal years 2015 and 2014 was as follows (in millions):

March 31, 2015	Effective Tax Rate	March 31, 2014	Effective Tax Rate
$50	5.4%	$(1)	(14.3)%

Our effective tax rate for fiscal year 2015 was a tax expense of 5.4 percent. The fiscal year 2015 effective tax rate differs from the statutory rate of 35.0 percent primarily due to the utilization of U.S. deferred tax assets, which were subject to a valuation allowance, excess tax benefits from stock-based compensation deductions allocated directly to contributed capital, and non- U.S. profits subject to a reduced or zero tax rates. The provision for income taxes for fiscal year 2015 differs from the benefit from income taxes for fiscal year 2014 primarily due to benefits related to the expiration of statutes of limitations and the resolution of examinations by taxing authorities recorded in fiscal year 2014.

Our effective tax rate for the fiscal year 2014 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.

LIQUIDITY AND CAPITAL RESOURCES

(In millions)	As of March 31, 2016	As of March 31, 2015	Increase
Cash and cash equivalents	$2,493	$2,068	$425
Short-term investments	1,341	953	388
Total	$3,834	$3,021	$813
Percentage of total assets	54%	49%	

(In millions)	Year Ended March 31, 2016	Year Ended March 31, 2015	Change
Cash provided by operating activities	$1,223	$1,067	$156
Cash used in investing activities	(484)	(470)	(14)
Cash used in financing activities	(306)	(255)	(51)
Effect of foreign exchange on cash and cash equivalents	(8)	(56)	48
Net increase in cash and cash equivalents	$ 425	$ 286	$139

Changes in Cash Flow

Operating Activities. Cash provided by operating activities increased $156 million during fiscal year 2016 as compared to fiscal year 2015. The increase was driven by a $281 million increase in net income, partially offset by the settlement of noncurrent operating obligations.

Investing Activities. Cash used in investing activities increased $14 million during fiscal year 2016 as compared to fiscal year 2015 primarily driven by a $230 million increase in purchases of short-term investments. This was partially offset by a $214 million increase in proceeds from the sales and maturities of short-term investment during the fiscal year ended March 31, 2016 as compared to the fiscal year ended March 31, 2015.

Financing Activities. Cash used in financing activities increased $51 million during fiscal year 2016 as compared to fiscal year 2015 due to a $681 million increase in repurchases of shares of our common stock mainly driven by the repurchase program authorized in February 2016, and $470 million of repayments of our Convertible Notes in connection with conversions of the Convertible Notes prior to maturity. This was offset by (1) $989 million net proceeds from the issuance of Senior Notes during February 2016, (2) a $64 million increase in excess tax benefit from stock-based compensation recognized, and (3) a $47 million increase in proceeds from the exercise of stock options and ESPP.

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, 2016, our short-term investments had gross unrealized gains of $2 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.

Convertible Notes and Convertible Note Hedge

In July 2011, we issued $632.5 million aggregate principal amount of 0.75% Convertible Senior Notes due 2016 (the "Convertible Notes"), of which $163 million aggregate principal amount remained outstanding as of March 31, 2016. The Convertible Notes will mature on July 15, 2016, unless purchased earlier or converted in accordance with their terms prior to such date.

The Convertible Notes are convertible at the option of the holder through July 13, 2016. During fiscal year 2016, approximately $497 million principal value of the Convertible Notes were converted by holders thereof. During fiscal year 2016, we repaid $470 million principal balance of the Convertible Notes and issued approximately 7.8 million shares of common stock to noteholders with a fair value of $518 million, resulting in a loss on extinguishment of $10 million. We also received and cancelled approximately 7.8 million shares of common stock from the exercise of the Convertible Note Hedge during fiscal year 2016.

Subsequent to the fiscal year ended March 31, 2016 and through May 23, 2016, we received an immaterial amount of conversion requests for the Convertible Notes. During the quarter ending June 30, 2016, we expect to settle conversion requests with $27 million in cash and a number of shares of our common stock equal in value to the excess conversion value. Based on the closing price of our common stock of $65.92 at the end of the fiscal year ended March 31, 2016, approximately 0.4 million shares of our common stock would be issuable to converting holders. The actual amount of shares issuable upon conversion will be determined based upon the market price of our common stock during an observation period following any conversion.

Warrants

We have outstanding Warrants with independent third parties to acquire 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 Convertible Notes), with a strike price of $41.14. The Warrants 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. The Warrants automatically exercises over a 60 trading day period beginning on October 17, 2016. Based on the closing price of our common stock of $65.92 at the end of the fiscal year ended March 31, 2016, approximately 7.5 million shares of our common stock would be issuable to Warrant holders. The actual amount of shares issuable upon exercise will be determined based upon the market price of our common stock during the 60 day trading period beginning on October 17, 2016.

See Note 12 — Financing Arrangements to the Consolidated Financial Statements as it relates to the Convertibles Notes, the Convertible Note Hedge and Warrants, which is incorporated by reference into this Item 7.

Senior Notes

In February 2016, we issued $600 million aggregate principal amount of 3.70% Senior Notes due March 1, 2021 (the "2021 Notes") and $400 million aggregate principal amount of 4.80% Senior Notes due March 1, 2026 (the "2026 Notes," and together with the 2021 Notes, the "Senior Notes"). We used the net proceeds of $989 million for general corporate purposes, including the payment of amounts due upon conversion of our Convertible Notes and the repurchase of our common stock, including under the $500 million stock repurchase program approved in February 2016. The effective interest rate was 3.94% for the 2021 Notes and 4.97% for the 2026 Notes. Interest is payable semiannually in arrears, on March 1 and September 1 of each year, beginning on September 1, 2016. See Note 12 — Financing Arrangements to the Consolidated Financial Statements in this Form 10-K as it relates to our Senior Notes, which is incorporated by reference into this Item 7.

Credit Facility

In March 19, 2015, we entered into a $500 million senior unsecured revolving credit facility with a syndicate of banks. As of March 31, 2016, no amounts were outstanding under the credit facility. See Note 12 — Financing Arrangements to the Consolidated Financial Statements in this Form 10-K as it relates to our credit facility, which is incorporated by reference into this Item 7.

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, debt repayment obligations, and potentially, future acquisitions, stock repurchases, or strategic investments. We may choose at any time to raise additional capital to repay debt, 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, 2016, approximately $2 billion 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.

In May 2014, a special committee of our Board of Directors, on behalf of the full Board of Directors, authorized a two-year program to repurchase up to $750 million of our common stock. Since inception, we repurchased approximately 9.2 million shares for approximately $394 million under this program.

In May 2015, our Board of Directors authorized a program to repurchase up to $1 billion of our common stock. This stock repurchase program, which expires on May 31, 2017, supersedes and replaces the stock repurchase authorization approved in May 2014. Under the May 2015 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.

During fiscal year 2016, we repurchased approximately 1.0 million shares for approximately $57 million under the May 2014 program and we repurchased approximately 6.9 million shares for approximately $461 million under the May 2015 program. We continue to actively repurchase shares under the May 2015 program.

In February 2016, we announced a new $500 million stock repurchase program. This new program was incremental to the existing two-year $1 billion stock repurchase program announced in May 2015. We completed repurchases under the February 2016 program during the quarter ended March 31, 2016. We repurchased approximately 7.8 million shares for approximately $500 million under this new program.

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 I, Item 1A of this report.

Contractual Obligations and Commercial Commitments

Note 13 — Commitments and Contingencies to the Consolidated Financial Statements in this Form 10-K as it relates to our contractual obligations and commercial commitments is incorporated by reference into this Item 7.

OFF-BALANCE SHEET ARRANGEMENTS

As of March 31, 2016, we did not have any off-balance sheet arrangements, as defined in Item 303(a)(4)(ii) of Regulation S-K promulgated by the SEC, that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues and expenses, results of operations, liquidity, capital expenditures, or capital resources that are material to investors.

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. 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 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 speculative trading purposes and do not hedge our market price risk relating to marketable equity securities, if any.

Foreign Currency Exchange Rate Risk

Foreign Currency Exchange Rates. International sales are a fundamental part of our business, and the strengthening of the U.S dollar (particularly relative to the Euro, British pound sterling, Australian dollar, Chinese yuan and South Korea won) has a negative impact on our reported international net revenue, but a positive impact on our reported international operating expenses (particularly the Swedish krona and Canadian dollar) because these amounts are translated at lower rates as compared to periods in which the U.S. dollar is weaker. While we use foreign currency hedging contracts to mitigate some foreign currency exchange risk, these activities are limited in the protection that they provide us and can themselves result in losses. Foreign currency exchange rates had a negative impact on our reported net revenue during fiscal year 2016 as compared to fiscal year 2015, but the strengthening of the U.S. dollar had a positive impact on our reported operating expenses as a significant portion of those expenses are incurred outside the United States.

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 contracts that generally have maturities of 18 months or less. These transactions are designated and qualify as cash flow hedges. 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.

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.

We believe the counterparties to our foreign currency forward 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 creditworthy 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, 2016, a hypothetical adverse foreign currency exchange rate movement of 10 percent or 20 percent would have resulted in potential declines in the fair value on our foreign currency forward contracts used in cash flow hedging of $83 million and $167 million, respectively. As of March 31, 2016, 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 $27 million and $53 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. See Note 4 — Derivative Financial Instruments to the Consolidated Financial Statements in this Form 10-K as it relates to our derivative financial instruments, which is incorporated by reference into this Item 7A.

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, 2016, our short-term investments were classified as available-for-sale securities and, consequently, were recorded at fair 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.

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, 2016, 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, 2016	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	$ 744	$ 741	$ 737	$ 734	$ 730	$ 726	$ 723
U.S. Treasury securities	399	395	392	390	386	383	380
U.S. agency securities	171	170	169	167	167	166	165
Commercial paper	50	50	50	50	50	50	50
Total short-term investments	$1,364	$1,356	$1,348	$1,341	$1,333	$1,325	$1,318

Item 8: *Financial Statements and Supplementary Data*

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The following financial statement schedule of Electronic Arts Inc. and Subsidiaries for the years ended March 31, 2016, 2015 and 2014 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, 2016	March 31, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	$2,493	$2,068
Short-term investments	1,341	953
Receivables, net of allowances of $159 and $140, respectively	233	362
Inventories	33	36
Deferred income taxes, net	—	54
Other current assets	254	247
Total current assets	4,354	3,720
Property and equipment, net	439	459
Goodwill	1,710	1,713
Acquisition-related intangibles, net	57	111
Deferred income taxes, net	387	13
Other assets	103	131
TOTAL ASSETS	$7,050	$6,147
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 89	$ 68
Accrued and other current liabilities	710	794
0.75% convertible senior notes due 2016, net	161	602
Deferred net revenue (online-enabled games)	1,458	1,283
Total current liabilities	2,418	2,747
Senior notes, net	989	—
Income tax obligations	80	70
Deferred income taxes, net	2	80
Other liabilities	163	183
Total liabilities	3,652	3,080
Commitments and contingencies (See Note 13)		
0.75% convertible senior notes due 2016 (See Note 12)	2	31
Stockholders' equity:		
Preferred stock, $0.01 par value. 10 shares authorized	—	—
Common stock, $0.01 par value. 1,000 shares authorized; 301 and 310 shares issued and outstanding, respectively	3	3
Additional paid-in capital	1,349	2,127
Retained earnings	2,060	904
Accumulated other comprehensive income (loss)	(16)	2
Total stockholders' equity	3,396	3,036
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$7,050	$6,147

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,		
	2016	**2015**	**2014**
Net revenue:			
Product	$2,497	$2,568	$2,134
Service and other	1,899	1,947	1,441
Total net revenue	4,396	4,515	3,575
Cost of revenue:			
Product	938	1,028	1,032
Service and other	416	401	315
Total cost of revenue	1,354	1,429	1,347
Gross profit	3,042	3,086	2,228
Operating expenses:			
Research and development	1,109	1,094	1,125
Marketing and sales	622	647	680
General and administrative	406	386	410
Acquisition-related contingent consideration	—	(3)	(35)
Amortization of intangibles	7	14	16
Restructuring and other charges	—	—	(1)
Total operating expenses	2,144	2,138	2,195
Operating income	898	948	33
Interest and other income (expense), net	(21)	(23)	(26)
Income before provision for (benefit from) income taxes	877	925	7
Provision for (benefit from) income taxes	(279)	50	(1)
Net income	$1,156	$ 875	$ 8
Earnings per share:			
Basic	$ 3.73	$ 2.81	$ 0.03
Diluted	$ 3.50	$ 2.69	$ 0.03
Number of shares used in computation:			
Basic	310	311	308
Diluted	330	325	316

See accompanying Notes to Consolidated Financial Statements.

ELECTRONIC ARTS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(In millions)	Year Ended March 31, 2016	2015	2014
Net income	$1,156	$875	$ 8
Other comprehensive income (loss), net of tax:			
Change in unrealized net gains and losses on available-for-sale securities	4	1	—
Reclassification adjustment for net realized gains and losses on available-for-sale securities	—	—	—
Change in unrealized net gains and losses on derivative instruments	5	20	(19)
Reclassification adjustment for net realized gains and losses on derivative instruments	(12)	11	9
Foreign currency translation adjustments	(15)	(67)	(22)
Total other comprehensive loss, net of tax	(18)	(35)	(32)
Total comprehensive income (loss)	$1,138	$840	$(24)

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		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Shares	Amount				
Balances as of March 31, 2013	302,164	$ 3	$ 2,174	$ 21	$ 69	$ 2,267
Total comprehensive income (loss)	—	—	—	8	(32)	(24)
Issuance of common stock	9,278	—	16	—	—	16
Stock-based compensation	—	—	150	—	—	150
Tax benefit from stock-based compensation	—	—	13	—	—	13
Balances as of March 31, 2014	311,442	3	2,353	29	37	2,422
Total comprehensive income (loss)	—	—	—	875	(35)	840
Issuance of common stock	6,508	—	(24)	—	—	(24)
Reclassification of equity component of convertible notes	—	—	(31)	—	—	(31)
Repurchase and retirement of common stock	(8,269)	—	(337)	—	—	(337)
Stock-based compensation	—	—	144	—	—	144
Tax benefit from stock-based compensation	—	—	22	—	—	22
Balances as of March 31, 2015	309,681	3	2,127	904	2	3,036
Total comprehensive income (loss)	—	—	—	1,156	(18)	1,138
Issuance of common stock	6,645	—	(49)	—	—	(49)
Reclassification of equity component of convertible notes	—	—	29	—	—	29
Settlement of convertible notes	7,823	—	(1)	—	—	(1)
Exercise of convertible note hedge	(7,823)	—	—	—	—	—
Repurchase and retirement of common stock	(15,724)	—	(1,018)	—	—	(1,018)
Stock-based compensation	—	—	178	—	—	178
Tax benefit from stock-based compensation	—	—	83	—	—	83
Balances as of March 31, 2016	300,602	$ 3	$ 1,349	$2,060	$(16)	$ 3,396

See accompanying Notes to Consolidated Financial Statements.

ELECTRONIC ARTS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions)	Year Ended March 31, 2016	2015	2014
OPERATING ACTIVITIES			
Net income	$ 1,156	$ 875	$ 8
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation, amortization and accretion	197	220	227
Loss on conversion of convertible notes	10	—	—
Stock-based compensation	178	144	150
Acquisition-related contingent consideration	—	(3)	(35)
Net losses on investments	—	—	2
Change in assets and liabilities:			
Receivables, net	127	(54)	(12)
Inventories	3	19	(13)
Other assets	19	87	(56)
Accounts payable	13	(46)	(18)
Accrued and other liabilities	(252)	31	(3)
Deferred income taxes, net	(403)	1	16
Deferred net revenue (online-enabled games)	175	(207)	446
Net cash provided by operating activities	1,223	1,067	712
INVESTING ACTIVITIES			
Capital expenditures	(93)	(95)	(97)
Proceeds from maturities and sales of short-term investments	941	727	401
Purchase of short-term investments	(1,332)	(1,102)	(600)
Acquisition of subsidiaries, net of cash acquired	—	—	(5)
Net cash used in investing activities	(484)	(470)	(301)
FINANCING ACTIVITIES			
Proceeds from issuance of senior notes, net of issuance costs	989	—	—
Payment of convertible notes	(470)	—	—
Proceeds from issuance of common stock	107	60	77
Excess tax benefit from stock-based compensation	86	22	13
Repurchase and retirement of common stock	(1,018)	(337)	—
Acquisition-related contingent consideration payment	—	—	(1)
Net cash provided by (used in) financing activities	(306)	(255)	89
Effect of foreign exchange on cash and cash equivalents	(8)	(56)	(10)
Increase in cash and cash equivalents	425	286	490
Beginning cash and cash equivalents	2,068	1,782	1,292
Ending cash and cash equivalents	$ 2,493	$ 2,068	$1,782
Supplemental cash flow information:			
Cash paid during the year for income taxes, net	$ 35	$ 2	$ 29
Cash paid during the year for interest	$ 4	$ 6	$ 6

See accompanying Notes to Consolidated Financial Statements.

ELECTRONIC ARTS INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

We are a global leader in digital interactive entertainment. We develop, market, publish and distribute games, content and services that can be played by consumers on a variety of platforms, which include consoles (such as the PlayStation from Sony, and the Xbox from Microsoft), PCs, mobile phones and tablets. Some of our games are based on our wholly-owned intellectual property (*e.g.*, Battlefield, Mass Effect, Need for Speed, The Sims and Plants vs. Zombies), and some of our games leverage content that we license from others (*e.g.*, FIFA, Madden NFL and Star Wars). We also publish and distribute games developed by third parties (*e.g.,* Titanfall). Our products and services may be purchased through multiple distribution channels, including physical and online retailers, platform providers such as console manufacturers, providers of free-to-download PC games, mobile carriers and directly through Origin, our own digital distribution platform.

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 year ending March 31, 2016 contained 53 weeks and ended on April 2, 2016. Our results of operations for the fiscal year ended March 31, 2015 and 2014 contained 52 weeks each and ended on March 28, 2015 and March 29, 2014, 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 stock-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. Cash, cash equivalents and short-term investments are available for use in current operations or other activities such as capital expenditures, business combinations and share repurchases.

Unrealized gains and losses on our short-term investments are recorded as a component of accumulated other comprehensive income (loss) 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 (loss) to interest and other income (expense), net, or gains on strategic investments, net. Determining whether a 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. Based on our evaluation, we did not consider any of our investments to be other-than-temporarily impaired as of March 31, 2016 and 2015.

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 net realizable 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
Equipment, furniture and fixtures, and other	3 to 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 development once a project has reached the application development stage. 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 $55 million and $62 million as of March 31, 2016 and 2015, 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, such as developed and core technology, in connection with business combinations. We amortize the cost of acquisition-related intangible assets that have finite useful lives 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 group. 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 years 2016, 2015, and 2014.

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 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. 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, 2016, 2015 and 2014, we completed our annual goodwill impairment testing in the fourth quarter of each year and did not recognize any impairment charges.

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

We derive revenue principally from sales of interactive software games, and related content (*e.g*., micro-transactions) and services on consoles (such as the PlayStation from Sony and the Xbox from Microsoft), PCs, 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 (*e.g.,* full-game downloads, extra-content), 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 (*e.g*., premium mobile games) in order to utilize the game or related content (*i.e.* can be played with or without an Internet connection), 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 free-to-download mobile games), (2) massively multi-player online ("MMO") games (both software game and subscription sales), (3) subscriptions for our Battlefield Premium, EA Access, 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*. For packaged goods, 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. If there is significant uncertainty of acceptance, revenue is recognized once acceptance is reasonably assured.

Online-Enabled Games

The majority of our software games and related content have online connectivity 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 (*e.g.,* player roster updates to *Madden NFL 16*) to online-enabled games and related content 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 and related content over the period we expect to offer the unspecified updates to the consumer ("estimated offering period").

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.

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. 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

We evaluate sales of our interactive software games via third party storefronts, including digital storefronts such as Microsoft's Xbox Games Store, Sony PSN, Apple App Store, and Google Play, in order to determine whether or not we are acting as the primary obligor in the sale to the end consumer, 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 evaluation of the above indicators, we have determined that generally the third party is considered the primary obligor to end consumers for the sale of our interactive software games. We therefore report revenue related to these arrangements net of the fees retained by the storefront.

Sales Returns and Allowances and Bad Debt Reserves

We reduce revenue 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 that they have not resold to end consumers. 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, Franchises 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. At March 31, 2016, we had two customers who accounted for approximately 26 percent and 24 percent of our consolidated gross receivables. At March 31, 2015, we had two customers who accounted for 26 percent and 10 percent of our consolidated gross receivables.

A majority of our sales are made to major retailers, distributors, and digital resellers. During the fiscal year ended March 31, 2016, approximately 62 percent of our net revenue was derived from our top ten customers. Though our products and services 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 retailers or distributors significantly reduced their purchases or ceased to carry our products and services, 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.

A significant portion of our revenue has historically been derived from games and services based on a few popular franchises. For example, in fiscal year 2016, net revenue generated from the sale of products and services associated with our three largest franchises accounted for approximately 55 percent of our net revenue.

Currently, a majority of our revenue is derived through sales of products and services on hardware consoles from Sony and Microsoft. For the fiscal years ended March 31, 2016, 2015 and 2014, our net revenue for products and services on Sony's PlayStation 3 and 4, and Microsoft's Xbox 360 and One consoles (combined across all four platforms) was 67 percent, 66 percent, and 55 percent, respectively. These platform partners have significant influence over the products and services that we offer on their platforms. 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 and service 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 using undiscounted cash flows when impairment indicators exist. If impairment exists, then the assets are written down to fair value. 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 the cost incurred with the same vendor. Vendor reimbursements of advertising costs of $51 million, $43 million, and $66 million reduced marketing and sales expense for the fiscal years ended March 31, 2016, 2015 and 2014, respectively. For the fiscal years ended March 31, 2016, 2015 and 2014, advertising expense, net of vendor reimbursements, totaled approximately $240 million, $228 million, and $217 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 (loss) 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 $(14) million, $(62) million, and $4 million for the fiscal years ended March 31, 2016, 2015 and 2014, respectively, are included in interest and other income (expense), net, in our Consolidated Statements of Operations. These net foreign currency transaction gains (losses) are partially offset by net gains (losses) on our foreign currency forward contracts of $15 million, $59 million, and $(5) million for the fiscal years ended March 31, 2016, 2015 and 2014, respectively. See Note 4 for additional information on our foreign currency forward contracts.

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. 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.

Recently Adopted Accounting Standards

In April 2015, the FASB issued ASU 2015-03, *Interest — Imputation of Interest* (Topic 835-30), which requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs are not affected by this ASU. In August 2015, the FASB issued ASU 2015-15, which clarified that debt issuance costs related to line-of-credit arrangements could continue to be presented as an asset and be subsequently amortized over the term of the line-of-credit arrangement, regardless of whether there are any outstanding borrowings on the arrangement. We early adopted ASU 2015-03 in the fourth quarter of fiscal year 2016 and reclassified $9 million of debt issuance costs as a contra-liability at March 31, 2016. We assessed the impact on prior periods in accordance with the retrospective application requirement and determined that debt issuance costs were immaterial at March 31, 2015, thus no adjustments were made to March 31, 2015 balance sheet.

In July 2015, the FASB issued ASU 2015-11, *Inventory* (Topic 330), which requires entities to measure inventory at the lower of cost or net realizable value. Current guidance requires inventory to be measured at the lower of cost or market, with market defined as replacement cost, net realizable value, or net realizable value less a normal profit margin. This ASU simplifies the subsequent measurement of inventory by replacing the lower of cost or market test with a lower of cost or net realizable value test. We early adopted ASU 2015-11 in the fourth quarter of fiscal year 2016. The adoption did not have an impact on our Consolidated Financial Statements.

In November 2015, the FASB issued ASU 2015-17, *Income Taxes* (Topic 740). The amendments in this ASU require that all deferred income tax liabilities and assets be classified as noncurrent in a classified statement of financial position. We early adopted ASU 2015-07 in the fourth quarter of fiscal year 2016 and elected prospective application. As a result of the adoption, we reclassified $53 million of deferred tax assets from current to noncurrent at March 31, 2016. As this ASU only impacted presentation, it did not have an impact on our net financial position, results of operations, or cash flows.

Impact of Recently Issued Accounting Standards

In April 2015, the FASB issued ASU 2015-05, *Intangibles — Goodwill and Other — Internal-Use Software* (Topic 350-40). The amendments of this ASU will help entities evaluate the accounting for fees paid by a customer in a cloud computing arrangement by providing guidance as to whether an arrangement includes the sale or license of software. The requirements will be effective for annual periods (and interim periods within those annual periods) beginning after December 15, 2015. The amendment may be adopted either prospectively to all arrangements entered into or materially modified after the effective date or retrospectively. Early adoption is permitted. We expect to adopt this new standard in the first quarter of fiscal year 2017. We do not expect the adoption to have a material impact on our Consolidated Financial Statements.

In March 2016, the FASB issued ASU 2016-09, *Compensation — Stock Compensation* (Topic 718)*: Improvements to Employee Share-Based Payment Accounting*, related to simplifications of employee share-based payment accounting. This pronouncement eliminates the APIC pool concept and requires that excess tax benefits and tax deficiencies be recorded in the income statement when awards are settled. The pronouncement also addresses simplifications related to statement of cash flows classification, accounting for forfeitures, and minimum statutory tax withholding requirements. The pronouncement is effective for annual periods (and for interim periods within those annual periods) beginning after December 15, 2016. We are currently evaluating the timing and the impact of this new standard on our Consolidated Financial Statements and related disclosures.

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments* (Topic 825-10), which requires that most equity investments be measured at fair value, with subsequent changes in fair value recognized in net income.

The ASU also impacts financial liabilities under the fair value option and the presentation and disclosure requirements for financial instruments. The requirements will be effective for annual periods (and interim periods within those annual periods) beginning after December 15, 2017. We are currently evaluating the impact of this new standard on our Consolidated Financial Statements and related disclosures.

In March 2016, the FASB issued ASU 2016-04, *Liabilities — Extinguishments of Liabilities* (Subtopic 405-20): *Recognition of Breakage for Certain Prepaid Stored-Value Products*. The amendments in the ASU are designed to provide guidance and eliminate diversity in the accounting for derecognition of prepaid stored-value product liabilities. Typically, a prepaid stored-value product liability is to be derecognized when it is probable that a significant reversal of the recognized breakage amount will not subsequently occur. This is when the likelihood of the product holder exercising its remaining rights becomes remote. This estimate shall be updated at the end of each period. The amendments in this ASU are effective for annual periods (and interim periods within those annual periods) beginning after December 15, 2017. Early adoption is permitted. We are currently evaluating the timing of adoption and impact of this new standard on our Consolidated Financial Statements and related disclosures.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606), which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The ASU will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. The standard permits the use of either the retrospective or cumulative effect transition method. This new revenue standard, as amended by ASU 2015-14, is effective in the first quarter of fiscal year 2019. In March 2016, the FASB issued ASU 2016-08, *Revenue from Contracts with Customers: Principal versus Agent Considerations (Reporting Revenue Gross versus Net)*, which clarifies the guidance in the new revenue standard on assessing whether an entity is a principal or an agent in a revenue transaction. This conclusion impacts whether an entity reports revenue on a gross or net basis. In April 2016, the FASB issued ASU 2016-10, *Revenue from Contracts with Customers: Identifying Performance Obligations and Licensing,* which clarifies the guidance in the new revenue standard regarding an entity's identification of its performance obligations in a contract, as well as an entity's evaluation of the nature of its promise to grant a license of intellectual property and whether or not that revenue is recognized over time or at a point in time. In May 2016, the FASB issued ASU 2016-12, *Revenue from Contracts with Customers*: *Narrow- Scope Improvements and Practical Expedients*. which amends the guidance in the new revenue standard on collectibility, noncash consideration, presentation of sales tax, and transition. The amendments are intended to address implementation issues that were raised by stakeholders and provide additional practical expedients to reduce the cost and complexity of applying the new revenue standard. These amendments have the same effective date as the new revenue standard. While we are currently evaluating the method of adoption and the impact of the new revenue standard, as amended, on our Consolidated Financial Statements and related disclosures, we believe the adoption of the new standard may have a significant impact on the accounting for certain transactions with multiple elements or "bundled" arrangements (for example, sales of online-enabled games for which we do not have VSOE for unspecified future updates) because the requirement to have VSOE for undelivered elements under current accounting standards is eliminated under the new standard. Accordingly, we may be required to recognize as revenue a portion of the sales price upon delivery of the software, as compared to the current requirement of recognizing the entire sales price ratably over an estimated offering period. While we are still evaluating the total impact of the new revenue standard, as amended, we believe adoption of this new standard will have a material impact on our Consolidated Financial Statements and related disclosures.

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The FASB issued this update to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The updated guidance is effective for annual periods beginning after December 15, 2018, including interim periods within those fiscal years. Early adoption of the update is permitted. We are currently evaluating the timing of adoption and impact of this new standard on our Consolidated Financial Statements and related disclosures.

(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, 2016 and 2015, 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, 2016	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					
Bank and time deposits	$ 345	$345	$ —	$—	Cash equivalents
Money market funds	143	143	—	—	Cash equivalents
Available-for-sale securities:					
Corporate bonds	745	—	745	—	Short-term investments and cash equivalents
U.S. Treasury securities	407	407	—	—	Short-term investments and cash equivalents
U.S. agency securities	170	—	170	—	Short-term investments and cash equivalents
Commercial paper	81	—	81	—	Short-term investments and cash equivalents
Foreign currency derivatives	16	—	16	—	Other current assets and other assets
Deferred compensation plan assets[(a)]	8	8	—	—	Other assets
Total assets at fair value	$1,915	$903	$1,012	$—	
Liabilities					
Foreign currency derivatives	10	—	10	—	Accrued and other current liabilities and other liabilities
Deferred compensation plan liabilities[(a)]	9	9	—	—	Other liabilities
Total liabilities at fair value	$ 19	$ 9	$ 10	$—	

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	As of March 31, 2015	Fair Value Measurements at Reporting Date Using			Balance Sheet Classification
		Quoted Prices in Active Markets for Identical Financial Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Assets					
Bank and time deposits	$ 175	$175	$ —	$—	Cash equivalents
Money market funds	7	7	—	—	Cash equivalents
Available-for-sale securities:					
Corporate bonds	468	—	468	—	Short-term investments and cash equivalents
U.S. Treasury securities	214	214	—	—	Short-term investments
U.S. agency securities	180	—	180	—	Short-term investments and cash equivalents
Commercial paper	140	—	140	—	Short-term investments and cash equivalents
Foreign currency derivatives	18	—	18	—	Other current assets
Deferred compensation plan assets[a]	9	9	—	—	Other assets
Total assets at fair value	$1,211	$405	$806	$—	
Liabilities					
Foreign currency derivatives	9	—	9	—	Accrued and other current liabilities
Deferred compensation plan liabilities[a]	9	9	—	—	Other liabilities
Total liabilities at fair value	$ 18	$ 9	$ 9	$—	

(a) The Deferred Compensation Plan assets consist of various mutual funds. See Note 15 for additional information regarding our Deferred Compensation Plan.

(3) FINANCIAL INSTRUMENTS

Cash and Cash Equivalents

As of March 31, 2016 and 2015, our cash and cash equivalents were $2,493 million and $2,068 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, 2016 and 2015 (in millions):

	As of March 31, 2016				As of March 31, 2015			
	Cost or Amortized Cost	Gross Unrealized		Fair Value	Cost or Amortized Cost	Gross Unrealized		Fair Value
		Gains	Losses			Gains	Losses	
Corporate bonds	$ 733	$ 1	$—	$ 734	$467	$—	$—	$467
U.S. Treasury securities	389	1	—	390	214	—	—	214
U.S. agency securities	167	—	—	167	161	1	—	162
Commercial paper	50	—	—	50	110	—	—	110
Short-term investments	$1,339	$ 2	$—	$1,341	$952	$ 1	$—	$953

The following table summarizes the amortized cost and fair value of our short-term investments, classified by stated maturity as of March 31, 2016 and 2015 (in millions):

	As of March 31, 2016		As of March 31, 2015	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Short-term investments				
Due in 1 year or less	$ 571	$ 571	$417	$417
Due in 1-2 years	461	462	281	281
Due in 2-3 years	295	296	244	245
Due in 3-4 years	12	12	10	10
Short-term investments	$1,339	$1,341	$952	$953

(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/other assets, or accrued and other current liabilities/other 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 contracts, generally with maturities of 18 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, Swedish krona, Australian dollar, Chinese yuan and South Korean won. 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. We do not use foreign currency forward contracts for speculative trading purposes.

Cash Flow Hedging Activities

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/other assets, or accrued and other current liabilities/other liabilities, respectively, 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 (loss) 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 (loss) 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 (loss) 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 (in millions):

	As of March 31, 2016			As of March 31, 2015		
	Notional Amount	Fair Value		Notional Amount	Fair Value	
		Asset	Liability		Asset	Liability
Forward contracts to purchase	$148	$ 5	$1	$108	$—	$8
Forward contracts to sell	$685	$11	$9	$508	$18	$1

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 year ended March 31, 2016 was a gain of $12 million and a loss of $11 million and $9 million for the fiscal years ended March 31, 2015 and 2014, respectively.

During fiscal years ended March 31, 2016, 2015 and 2014, 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.

The amount excluded from the assessment of hedge effectiveness during fiscal years ended March 31, 2016, 2015 and 2014 and recognized in interest and other income (expense), net, was immaterial.

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 (in millions):

	As of March 31, 2016			As of March 31, 2015		
	Notional Amount	Fair Value		Notional Amount	Fair Value	
		Asset	Liability		Asset	Liability
Forward contracts to purchase	$108	$—	$—	$ 99	$—	$—
Forward contracts to sell	$159	$—	$—	$173	$—	$—

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, 2016, 2015 and 2014, was as follows (in millions):

	Statement of Operations Classification	Amount of Gain (Loss) Recognized in the Statement of Operations		
		Year Ended March 31,		
		2016	2015	2014
Foreign currency forward contracts not designated as hedging instruments	Interest and other income (expense), net	$16	$58	$(5)

(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, 2016, 2015 and 2014 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, 2013	$ (4)	$ —	$ 73	$ 69
Other comprehensive income (loss) before reclassifications	—	(19)	(22)	(41)
Amounts reclassified from accumulated other comprehensive income (loss)	—	9	—	9
Net current-period other comprehensive income (loss)	—	(10)	(22)	(32)
Balances as of March 31, 2014	$ (4)	$(10)	$ 51	$ 37
Other comprehensive income (loss) before reclassifications	$ 1	$ 20	$(67)	$(46)
Amounts reclassified from accumulated other comprehensive income	—	11	—	11
Net current-period other comprehensive income (loss)	1	31	(67)	(35)
Balances as of March 31, 2015	(3)	21	(16)	2
Other comprehensive income (loss) before reclassifications	$ 4	$ 5	$(15)	$ (6)
Amounts reclassified from accumulated other comprehensive income	—	(12)	—	(12)
Net current-period other comprehensive income (loss)	4	(7)	(15)	(18)
Balances as of March 31, 2016	1	14	(31)	(16)

The effects on net income of amounts reclassified from accumulated other comprehensive income (loss) for the fiscal years ended March 31, 2016, 2015 and 2014 were as follows (in millions):

	Amount Reclassified From Accumulated Other Comprehensive Income (Loss)		
	Year Ended March 31,		
Statement of Operations Classification	2016	2015	2014
(Gains) losses on cash flow hedges from forward contracts			
Net revenue	(23)	(2)	7
Research and development	11	13	2
Total amount reclassified, net of tax	$(12)	$11	$9

(6) BUSINESS COMBINATIONS

There were no acquisitions during the fiscal years ended March 31, 2016 and 2015. During the fiscal year ended March 31, 2014, we completed one acquisition that did not have a significant impact on our Consolidated Financial Statements.

(7) GOODWILL AND ACQUISITION-RELATED INTANGIBLES, NET

The changes in the carrying amount of goodwill for the fiscal year ended March 31, 2016 are as follows (in millions):

	As of March 31, 2015	Activity	Effects of Foreign Currency Translation	As of March 31, 2016
Goodwill	$2,081	$—	$ (3)	$2,078
Accumulated impairment	(368)	—	—	(368)
Total	$1,713	$—	$ (3)	$1,710

The changes in the carrying amount of goodwill for the fiscal year ended March 31, 2015 are as follows (in millions):

	As of March 31, 2014	Activity	Effects of Foreign Currency Translation	As of March 31, 2015
Goodwill	$2,091	$—	$(10)	$2,081
Accumulated impairment	(368)	—	—	(368)
Total	$1,723	$—	$(10)	$1,713

Acquisition-related intangibles, consisted of the following (in millions):

	As of March 31, 2016			As of March 31, 2015		
	Gross Carrying Amount	Accumulated Amortization	Acquisition-Related Intangibles, Net	Gross Carrying Amount	Accumulated Amortization	Acquisition-Related Intangibles, Net
Developed and core technology	$412	$(368)	$44	$531	$(439)	$ 92
Trade names and trademarks	106	(93)	13	130	(111)	19
Registered user base and other intangibles	5	(5)	—	87	(87)	—
Carrier contracts and related	85	(85)	—	85	(85)	—
Total	$608	$(551)	$57	$833	$(722)	$111

During fiscal year 2016, we retired $225 million gross carrying amount of fully-amortized intangible assets. Amortization of intangibles for the fiscal years ended March 31, 2016, 2015 and 2014 are classified in the Consolidated Statement of Operations as follows (in millions):

	Year Ended March 31,		
	2016	2015	2014
Cost of service and other	$33	$36	$27
Cost of product	14	16	33
Operating expenses	7	14	16
Total	$54	$66	$76

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, 2016 and 2015, the weighted-average remaining useful life for acquisition-related intangible assets was approximately 1.6 years and 2.8 years for each period, respectively.

As of March 31, 2016, 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,	
2017	38
2018	17
2019	2
Total	$57

(8) RESTRUCTURING AND OTHER CHARGES

Restructuring and other restructuring plan-related information as of March 31, 2016 was as follows (in millions):

	Fiscal 2011 Restructuring	Other Restructurings and Reorganization		
	Other	Facilities-related	Other	Total
Balances as of March 31, 2013	$ 57	$ 4	$ 1	$ 62
Charges to operations	(2)	1	—	$ (1)
Charges settled in cash	(8)	(3)	—	$(11)
Balances as of March 31, 2014	$ 47	$ 2	$ 1	$ 50
Charges to operations	—	—	—	$ —
Charges settled in cash	(36)	(1)	(1)	$(38)
Balances as of March 31, 2015	$ 11	$ 1	$—	$ 12
Charges to operations	—	—	—	$ —
Charges settled in cash	(11)	(1)	—	$(12)
Balances as of March 31, 2016	$ —	$—	$—	$ —

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, 2015, 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. We do not expect to incur any additional restructuring charges under this plan. As of March 31, 2016, we have settled all accruals under this restructuring plan.

Other Restructurings and Reorganization

We also engaged in various other restructurings and a reorganization based on management decisions made in fiscal years 2013 and 2009. We do not expect to incur any additional restructuring charges under these plans. Substantially all of the accruals under these restructuring plans have been settled by March 31, 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 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. Prepaid royalties are classified as current assets to the extent that such amounts will be recognized in our Consolidated Statements of Operations within the next 12 months. 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 and service 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 using undiscounted cash flows when impairment indicators exist. If impairment exists, then the assets are written down to fair value. 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 2016, we did not recognize any losses or impairment charges on royalty-based commitments. During the fiscal year 2015, we recognized a loss of $122 million on a previously unrecognized licensed intellectual property commitment. The $122 million loss related to the termination of certain rights we previously had to use a licensor's intellectual property. In addition, because the loss will be paid in installments through March 2022, our accrued loss was computed using the effective interest method. We currently estimate recognizing in future periods through March 2022, approximately $22 million for the accretion of interest expense related to this obligation. This interest expense will be included in cost of revenue in our Consolidated Statement of Operations.

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,	
	2016	**2015**
Other current assets	$ 54	$ 70
Other assets	63	59
Royalty-related assets	$117	$129

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 classify any recognized unpaid royalty amounts due 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,	
	2016	**2015**
Accrued royalties	$159	$119
Other liabilities	118	131
Royalty-related liabilities	$277	$250

As of March 31, 2016, we were committed to pay approximately $1,460 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. See Note 13 for further information on our developer and licensor commitments.

(10) BALANCE SHEET DETAILS

Inventories

Inventories as of March 31, 2016 and 2015 consisted of (in millions):

	As of March 31,	
	2016	**2015**
Finished goods	$32	$35
Raw materials and work in process	1	1
Inventories	$33	$36

Property and Equipment, Net

Property and equipment, net, as of March 31, 2016 and 2015 consisted of (in millions):

	As of March 31,	
	2016	**2015**
Computer equipment and software	$ 684	$ 655
Buildings	313	315
Leasehold improvements	129	126
Equipment, furniture and fixtures, and other	80	73
Land	61	62
Construction in progress	15	7
	1,282	1,238
Less: accumulated depreciation	(843)	(779)
Property and equipment, net	$ 439	$ 459

Depreciation expense associated with property and equipment was $119 million, $126 million and $126 million for the fiscal years ended March 31, 2016, 2015 and 2014, respectively.

Accrued and Other Current Liabilities

Accrued and other current liabilities as of March 31, 2016 and 2015 consisted of (in millions):

	As of March 31,	
	2016	2015
Other accrued expenses	$218	$298
Accrued compensation and benefits	256	263
Accrued royalties	159	119
Deferred net revenue (other)	77	114
Accrued and other current liabilities	$710	$794

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 $1,458 million and $1,283 million as of March 31, 2016 and 2015, respectively. Deferred net revenue (online-enabled games) generally includes the unrecognized revenue from bundled sales of online-enabled games for which we do not have vendor-specific objective evidence of fair value ("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, 2016, 2015 and 2014 are as follows (in millions):

	Year Ended March 31,		
	2016	2015	2014
Domestic	$133	$232	$(146)
Foreign	744	693	153
Income before provision for (benefit from) income taxes	$877	$925	$ 7

Provision for (benefit from) income taxes for the fiscal years ended March 31, 2016, 2015 and 2014 consisted of (in millions):

	Current	Deferred	Total
Year Ended March 31, 2016			
Federal	$ 69	$(376)	$(307)
State	5	(14)	(9)
Foreign	36	1	37
	$110	$(389)	$(279)
Year Ended March 31, 2015			
Federal	$ 10	$ 17	$ 27
State	—	—	—
Foreign	21	2	23
	$ 31	$ 19	$ 50
Year Ended March 31, 2014			
Federal	$ (2)	$ (9)	$ (11)
State	1	(2)	(1)
Foreign	8	3	11
	$ 7	$ (8)	$ (1)

On July 27, 2015, the United States Tax Court, in an opinion in *Altera Corp v. Commissioner*, invalidated the portion of the Treasury regulations issued under Internal Revenue Code Section 482 requiring related-party participants in a cost sharing arrangement to share stock-based compensation costs. The U.S. Tax Court issued the final decision on December 28, 2015. On February 19, 2016, the government filed a notice of appeal of the Tax Court decision. At this time, the U.S. Treasury has not withdrawn its regulations that require including stock-based compensation in a cost sharing arrangement. We have evaluated the opinion and have recorded a $41 million tax benefit related to fiscal year 2016 stock-based compensation deductions that will not be subject to reimbursement through cost share payments if the Tax Court's opinion is sustained. We will continue to monitor developments related to the case and the potential impact on our consolidated financial statements.

Excess tax benefits from stock-based compensation deductions are allocated to contributed capital before historical net operating losses are utilized to reduce tax expense. The income tax provision includes tax benefits allocated directly to contributed capital of $83 million, $21 million and $12 million for fiscal years 2016, 2015, and 2014, respectively.

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, 2016, 2015 and 2014 were as follows:

	Year Ended March 31,		
	2016	2015	2014
Statutory federal tax expense rate	35.0%	35.0%	35.0%
State taxes, net of federal benefit	0.5%	0.1%	(242.9)%
Differences between statutory rate and foreign effective tax rate	(22.1)%	(22.3)%	(142.9)%
Valuation allowance	(51.7)%	(9.2)%	936.5%
Research and development credits	(0.6)%	(1.1)%	(128.6)%
Unremitted earnings of foreign subsidiaries	4.9%	—	—%
Resolution of tax matters with authorities	—%	(0.5)%	(657.1)%
Non-deductible stock-based compensation	3.1%	3.5%	385.7%
Acquisition-related contingent consideration	—%	(0.2)%	(185.7)%
Other	(0.9)%	0.1%	(14.3)%
Effective tax expense (benefit) rate	(31.8)%	5.4%	(14.3)%

Annual Report

We generated income in lower tax jurisdictions primarily related to our European and Asia Pacific businesses that are headquartered in Switzerland.

Historically, we have considered all 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. During the fourth quarter of fiscal year 2016, we issued the Senior Notes and we announced a $500 million stock repurchase program. In light of these future obligations, we reevaluated our intent to indefinitely reinvest all earnings of foreign subsidiary companies, and concluded that a portion of earnings of certain subsidiaries will no longer be considered to be indefinitely reinvested. As a result, we have recognized a deferred tax liability of $43 million for U.S. income taxes with respect to such earnings.

Undistributed earnings of our foreign subsidiaries that are considered to be indefinitely reinvested are $1,241 million as of March 31, 2016. As we currently have no plans to repatriate those earnings, 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. As we do not know the time or manner in which we would repatriate those funds, it is not practicable to determine the impact of local taxes, withholding taxes and foreign tax credits associated with the future repatriation of such earnings and therefore we cannot quantify the tax liability.

The components of net deferred tax assets, as of March 31, 2016 and 2015 consisted of (in millions):

	As of March 31,	
	2016	**2015**
Deferred tax assets:		
Accruals, reserves and other expenses	$ 171	$ 189
Tax credit carryforwards	334	312
Stock-based compensation	39	35
Net operating loss & capital loss carryforwards	28	41
Total	572	577
Valuation allowance	(114)	(555)
Deferred tax assets, net of valuation allowance	458	22
Deferred tax liabilities:		
Amortization and Depreciation	(27)	(32)
Unremitted earnings of foreign subsidiaries	(43)	—
Prepaids and other liabilities	(3)	(8)
Total	(73)	(40)
Deferred tax assets, net of valuation allowance and deferred tax liabilities	$ 385	$ (18)

From the third quarter of fiscal year 2009 to the third quarter of fiscal year 2016, we maintained a 100% valuation allowance against most of our U.S. deferred tax assets because there was insufficient positive evidence to overcome the existing negative evidence such that it was not more likely than not that the U.S. deferred tax assets were realizable. While we reported U.S. pre-tax income in fiscal year 2015, because we reported U.S. pre-tax losses during the previous seven fiscal years, as well as in the second and third quarters of fiscal year 2016, we continued to maintain the 100% valuation allowance through the third quarter of fiscal year 2016.

In the fourth quarter of fiscal year 2016, we realized significant U.S. pre-tax income for both the fourth quarter and the fiscal year ended March 31, 2016. As of March 31, 2016, we had reported positive operating performance in the U.S. for two consecutive fiscal years and had also reported a cumulative three-year U.S. pre-tax profit. In addition, during the fourth quarter of fiscal year 2016, we completed our financial plan for fiscal year 2017 and expect continued positive operating performance in the U.S. We also considered forecasts of future taxable income and evaluated the utilization of tax credit carryforwards prior to their expiration. After considering these factors, we determined that the positive evidence overcame any negative evidence and

concluded that it was more likely than not that the U.S. deferred tax assets were realizable. As a result, we released the valuation allowance against all of the U.S. federal deferred tax assets and a portion of the U.S. state deferred tax assets during the fourth quarter of fiscal year 2016.

The valuation allowance decreased by $441 million in fiscal year 2016, primarily due to the release of the valuation allowance on U.S. deferred tax assets. As of March 31, 2016, we maintained a valuation allowance of $114 million, primarily related to certain U.S. state deferred tax assets and foreign capital loss carryovers, due to uncertainty about the future realization of these assets. In determining the amount of deferred tax assets that are more likely than not to be realized, we evaluated the potential to realize the assets through the utilization of tax loss and credit carrybacks, the reversal of existing taxable temporary differences, future taxable income exclusive of the reversal of existing taxable temporary differences, and certain tax planning strategies.

As of March 31, 2016, we have state net operating loss carry forwards of approximately $1,016 million of which approximately $130 million is attributable to various acquired companies. These carryforwards, if not fully realized, will begin to expire in 2017. We also have U.S. federal, California and Canada tax credit carryforwards of $373 million, $93 million and $8 million, respectively. The U.S. federal tax credit carryforwards will begin to expire in 2024. The California and Canada tax credit carryforwards can be carried forward indefinitely.

The total unrecognized tax benefits as of March 31, 2016, 2015 and 2014 were $331 million, $254 million and $232 million, respectively. A reconciliation of the beginning and ending balance of unrecognized tax benefits is summarized as follows (in millions):

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
Increases in unrecognized tax benefits related to prior year tax positions	9
Decreases in unrecognized tax benefits related to prior year tax positions	(14)
Increases in unrecognized tax benefits related to current year tax positions	50
Decreases in unrecognized tax benefits related to settlements with taxing authorities	(6)
Reductions in unrecognized tax benefits due to lapse of applicable statute of limitations	(7)
Changes in unrecognized tax benefits due to foreign currency translation	(10)
Balance as of March 31, 2015	254
Increases in unrecognized tax benefits related to prior year tax positions	33
Decreases in unrecognized tax benefits related to prior year tax positions	(4)
Increases in unrecognized tax benefits related to current year tax positions	63
Decreases in unrecognized tax benefits related to settlements with taxing authorities	(10)
Reductions in unrecognized tax benefits due to lapse of applicable statute of limitations	(4)
Changes in unrecognized tax benefits due to foreign currency translation	(1)
Balance as of March 31, 2016	$331

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, 2016, approximately $305 million of the unrecognized tax benefits would affect our effective tax rate and approximately $26 million would result in 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 $15 million as of March 31, 2016 and $16 million as of March 31, 2015. There was approximately $1 million decrease in in accrued interest and penalties during fiscal year 2016.

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. 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 2012.

We are also currently under income tax examination in the United Kingdom for fiscal years 2010 through 2014. We remain subject to income tax examination for several other jurisdictions including in France and Germany for fiscal years after 2012, in the United Kingdom for fiscal years after 2014, and in Canada and 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 $50 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 "Convertible Notes"). The Convertible 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, and will mature on July 15, 2016, unless purchased earlier or converted in accordance with their terms prior to such date. The Convertible Notes are senior unsecured obligations and rank equally with all our other existing and future unsubordinated obligations and any indebtedness that we may incur from time to time under our Credit Facility.

We separately account for the liability and equity components of the Convertible Notes. The initial 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 Convertible Notes. The initial carrying amount of the liability component was determined by deducting the fair value of the equity component from the par value of the Convertible 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 initial date of issuance was recognized for the principal amount of the Convertible Notes representing the present value of the Convertible 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 Convertible Notes using the effective interest method. The equity component on the date of issuance was $107 million.

In accounting for $15 million of issuance costs paid in July 2011 related to the Convertible 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 Convertible Notes, and issuance costs attributable to the equity component were netted with the equity component in additional paid-in capital.

The Convertible 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 Convertible Notes (equivalent to an

initial conversion price of approximately $31.74 per share). Upon conversion of the Convertible Notes, holders will receive cash up to the principal amount of each Convertible Note, and any excess conversion value will be delivered in shares of our common stock. A holder may convert any of its Convertible Notes at any time prior to the close of business on July 13, 2016. 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 Convertible Notes are not redeemable prior to maturity except for specified corporate transactions and events of default, and no sinking fund is provided for the Convertible Notes. The Convertible Notes do not contain any financial covenants.

The carrying value of the Convertible Notes continued to be classified as a current liability and the excess of the principal amount over the carrying value of the Convertible Notes continued to be classified in temporary equity in the Consolidated Balance Sheets as of March 31, 2016.

Upon conversion of any Convertible Notes, we deliver cash up to the principal amount of the Convertible Notes and any excess conversion value is delivered in shares of our common stock. During fiscal year 2016, approximately $497 million principal value of the Convertible Notes were converted by holders thereof. During fiscal year 2016, we repaid $470 million principal balance of the Convertible Notes and issued approximately 7.8 million shares of common stock to noteholders with a fair value of $518 million, resulting in a loss on extinguishment of $10 million. We also received and cancelled approximately 7.8 million shares of common stock from the exercise of the Convertible Note Hedge during fiscal year 2016. Based on the closing price of our common stock of $65.92 at the end of the fiscal year ended March 31, 2016, the if-converted value of our Convertible Notes outstanding in aggregate exceeded their principal amount by $175 million.

Subsequent to the fiscal year ended March 31, 2016 and through May 23, 2016, we received conversion requests for an immaterial principal value of the Convertible Notes. During the quarter ending June 30, 2016, we expect to settle conversion requests with $27 million in cash and a number of shares of our common stock equal in value to the excess conversion value.

Based on the closing price of our common stock of $65.92 at the end of the fiscal year ended March 31, 2016, approximately 0.4 million shares of our common stock would be issuable to converting holders. The actual amount of shares issuable upon conversion will be determined based upon the market price of our common stock during an observation period following any conversion.

The carrying and fair values of the Convertible Notes are as follows (in millions):

	As of March 31, 2016	As of March 31, 2015
Principal amount of Convertible Notes	$163	$ 633
Unamortized debt discount of the liability component	(2)	(31)
Net carrying value of Convertible Notes	$161	$ 602
Fair value of Convertible Notes (Level 2)	$338	$1,158

As of March 31, 2016, the remaining life of the Convertible Notes is approximately 3.5 months.

Convertible Note Hedge and Warrants Issuance

In July 2011, we entered into the Convertible Note Hedge to reduce the potential dilution with respect to our common stock upon conversion of the Convertible Notes. We paid $107 million for the Convertible Note Hedge, which was recorded as an equity transaction. 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 equal to the number of shares of our common stock that notionally underlie the Convertible Notes at a strike price of $31.74, which corresponds to the conversion price of the Convertible Notes. As of March 31, 2016, we received 7.8 million shares of our common stock under the Convertible Note Hedge.

Subsequent to March 31, 2016, we expect to receive a number of shares under the Convertible Note Hedge substantially equal to the number of shares of common stock to be issued in connection with any conversions of the Convertible Notes.

Separately, in July 2011 we 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 Convertible 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 Convertible Notes), with a strike price of $41.14. The Warrants 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. The Warrants automatically exercise over a 60 trading day period beginning on October 17, 2016. Based on the closing price of our common stock of $65.92 at the end of the fiscal year ended March 31, 2016, approximately 7.5 million shares of our common stock would be issuable to Warrant holders. The actual amount of shares issuable upon exercise will be determined based upon the market price of our common stock during the 60 day trading period beginning on October 17, 2016. We received proceeds of $65 million from the sale of the Warrants in fiscal year 2012.

Effect of conversion on earning per share ("EPS")

The Convertible Notes have no impact on diluted EPS for periods where the average quarterly price of our common stock is below the conversion price of $31.74 per share. Prior to conversion, we include the effect of the additional shares that may be issued if our common stock price exceeds $31.74 per share using the treasury stock method. If the average price of our common stock exceeds $41.14 per share for a quarterly period, we also include the effect of the additional potential shares that may be issued related to the Warrants using the treasury stock method. Prior to conversion, the Convertible Note Hedge is not considered for purposes of the EPS calculation, as its effect would be anti-dilutive. Upon conversion, the Convertible Note Hedge is expected to offset the dilutive effect of the Notes when the stock price is above $31.74 per share. See Note 17 for additional information related to our EPS.

Senior Notes

In February 2016, we issued $600 million aggregate principal amount of 3.70% Senior Notes due March 1, 2021 (the "2021 Notes") and $400 million aggregate principal amount of 4.80% Senior Notes due March 1, 2026 (the "2026 Notes," and together with the 2021 Notes, the "Senior Notes"). Our proceeds were $989 million, net of discount of $2 million and issuance costs of $9 million. Both the discount and issuance costs are being amortized to interest expense over the respective terms of the 2021 Notes and the 2026 Notes using the effective interest rate method. The effective interest rate was 3.94% for the 2021 Notes and 4.97% for the 2026 Notes. Interest is payable semiannually in arrears, on March 1 and September 1 of each year, beginning on September 1, 2016.

The carrying and fair values of the Senior Notes are as follows (in millions):

	As of March 31, 2016
Senior Notes:	
3.70% Senior Notes due 2021	$ 600
4.80% Senior Notes due 2026	400
Total principal amount	$1,000
Unaccreted discount	(2)
Unamortized debt issuance costs	(9)
Net carrying value of Senior Notes	$ 989
Fair value of Senior Notes (Level 2)	$1,039

As of March 31, 2016, the remaining life of the 2021 Notes and 2026 Notes is approximately 4.9 years and 9.9 years, respectively.

The Senior Notes are senior unsecured obligations and rank equally with all our other existing and future unsubordinated obligations, including our Convertible Notes, and any indebtedness that we may incur from time to time under our Credit Facility.

The 2021 Notes and the 2026 Notes are redeemable at our option at any time prior to February 1, 2021 or December 1, 2025, respectively, subject to a make-whole premium. Within one and three months of maturity, we may redeem the 2021 Notes or the 2026 Notes, respectively, at a redemption price equal to 100% of the aggregate principal amount plus accrued and unpaid interest. In addition, upon the occurrence of a change of control repurchase event, the holders of the Senior Notes may require us to repurchase all or a portion of the Senior Notes, at a price equal to 101% of their principal amount, plus accrued and unpaid interest to the date of repurchase. The Senior Notes also include covenants that limit our ability to incur liens on assets and to enter into sale and leaseback transactions, subject to certain allowances.

Credit Facility

In March 2015, we entered into a $500 million senior unsecured revolving credit facility ("Credit Facility") with a syndicate of banks. The Credit Facility terminates on March 19, 2020. The Credit Facility 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 March 19, 2020.

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.

The credit agreement contains customary events of default, including among others, non-payment defaults, covenant defaults, cross-defaults to material indebtedness, bankruptcy and insolvency defaults, material judgment of 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 facility, an obligation by any guarantors to repay the obligations in full and an increase in the applicable interest rate.

As of March 31, 2016 and 2015, no amounts were outstanding under the Credit Facility. $2 million of debt issuance costs that were paid in connection with obtaining this credit facility are being amortized to interest expense over the 5 year term of the Credit Facility.

Interest Expense

The following table summarizes our interest expense recognized for fiscal years 2016, 2015, and 2014 that is included in interest and other income (expense), net on our Consolidated Statements of Operations (in millions):

	Year Ended March 31,		
	2016	2015	2014
Amortization of debt discount	(17)	(22)	(21)
Amortization of debt issuance costs	(3)	(3)	(3)
Coupon interest expense	(7)	(5)	(5)
Other interest expense	(1)	(1)	(1)
Total interest expense	$(28)	$(31)	$(30)

(13) COMMITMENTS AND CONTINGENCIES

Lease Commitments

As of March 31, 2016, 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); Zuffa, LLC (Ultimate Fighting Championship); ESPN (content in EA SPORTS games); Disney Interactive (Star Wars); Fox Digital Entertainment, Inc. (The Simpsons); Universal Studios Inc. (Minions); and Respawn. 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, 2016 (in millions):

		Fiscal Year Ending March 31,					
	Total	2017	2018	2019	2020	2021	Thereafter
Unrecognized commitments							
Developer/licensor commitments	$1,460	$211	$299	$277	$243	$189	$241
Marketing commitments	371	61	50	81	64	67	48
Operating leases	219	36	32	28	27	24	72
0.75% Convertible Senior Notes due 2016 interest[a]	1	1	—	—	—	—	—
Senior Notes interest	300	38	41	41	41	41	98
Other purchase obligations	81	29	8	7	6	5	26
Total unrecognized commitments	2,432	376	430	434	381	326	485
Recognized commitments							
0.75% Convertible Senior Notes due 2016 principal and interest[a]	163	163	—	—	—	—	—
Senior Notes principal and interest	1,004	4	—	—	—	600	400
Licensing and lease obligations[b]	147	22	23	24	25	26	27
Total recognized commitments	1,314	189	23	24	25	626	427
Total Commitments	$3,746	$565	$453	$458	$406	$952	$912

(a) We will be obligated to pay the remaining $163 million principal amount of the Convertible Notes in cash and deliver any excess conversion value in shares of our common stock upon redemption of the Convertible Notes at maturity on July 15, 2016, or upon earlier conversion. See Note 12 for additional information regarding our Convertible Notes.

(b) Lease commitments have not been reduced for approximately $2 million due in the future from third parties under non-cancelable sub-leases. See Note 9 for additional information regarding recognized obligations from our licensing-related commitments.

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, 2016; however, certain payment obligations may be accelerated depending on the performance of our operating results. Up to $32 million of the unrecognized amounts in the table above may be payable, at the licensor's election, in shares of our common stock, subject to a $10 million maximum during any fiscal year. The number of shares to be issued will be based on fair market value at the time of issuance.

In addition to what is included in the table above, as of March 31, 2016, we had a liability for unrecognized tax benefits and an accrual for the payment of related interest totaling $80 million, of which we are unable to make a reasonably reliable estimate of when cash settlement with a taxing authority will occur.

Total rent expense for our operating leases was $89 million, $97 million and $97 million for the fiscal years ended March 31, 2016, 2015 and 2014, respectively.

Legal Proceedings

On July 29, 2010, Michael Davis, a former NFL running back, filed a putative class action in the United States District Court for the Northern District of California against the Company, alleging that certain past versions of *Madden NFL* included the images of certain retired NFL players without their permission. In March 2012, the trial court denied the Company's request to dismiss the complaint on First Amendment grounds. In January 2015, that trial court decision was affirmed by the Ninth Circuit Court of Appeals and the case was remanded back to the United States District Court for the Northern District of California, where the case is pending.

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, 2016 and 2015, 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 stock-based awards on the date of grant. We recognize compensation costs for stock-based 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.

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. We determine the fair value of our stock-based awards as follows:

- *Restricted Stock Units*. The fair value of restricted stock units is determined based on the quoted market price of our common stock on the date of grant.
- *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, as amended (“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 risk-free interest rate is based on U.S. Treasury yields in effect at the time of grant for the expected term of the option. Expected volatility is based on a combination of historical stock price volatility and implied volatility of publicly-traded options on our common stock. Expected term is determined based on historical exercise behavior, post-vesting termination patterns, options outstanding and future expected exercise behavior.

There were an insignificant number of stock options granted during fiscal year 2016.

The 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,		
	2015	2014	2016	2015	2014
Risk-free interest rate	1.1 - 1.9%	1.6%	0.3 - 0.6%	0.04 - 0.2%	0.1%
Expected volatility	36 - 40%	37 - 42%	32 - 36%	30 - 35%	36 - 38%
Weighted-average volatility	38%	37%	33%	34%	38%
Expected term	4.5 years	4.5 years	6 - 12 months	6 - 12 months	6 - 12 months
Expected dividends	None	None	None	None	None

The assumptions used in the Monte-Carlo simulation model to value our market-based restricted stock units were as follows:

	Year Ended March 31,		
	2016	2015	2014
Risk-free interest rate	1.0%	0.9%	0.4%
Expected volatility	14 - 53%	16 - 79%	16 - 58%
Weighted-average volatility	26%	30%	31%
Expected dividends	None	None	None

Stock-Based Compensation Expense

Employee stock-based compensation expense recognized during the fiscal years ended March 31, 2016, 2015 and 2014 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 units, market-based restricted stock units, and the ESPP included in our Consolidated Statements of Operations (in millions):

	Year Ended March 31,		
	2016	2015	2014
Cost of revenue	$ 2	$ 2	$ 2
Research and development	103	82	90
Marketing and sales	24	21	26
General and administrative	49	39	32
Stock-based compensation expense	$178	$144	$150

During the fiscal years ended March 31, 2016 we recognized a $38 million deferred income tax benefit related to our stock-based compensation expense. During the fiscal years ended March 31, 2015 and 2014, we did not recognize any benefit from income taxes related to our stock-based compensation expense.

As of March 31, 2016, our total unrecognized compensation cost related to restricted stock and restricted stock units (collectively referred to as "restricted stock rights") was $243 million and is expected to be recognized over a weighted-average service period of 1.3 years. Of the $243 million of unrecognized compensation cost, $26 million relates to market-based restricted stock units. As of March 31, 2016, 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 1.4 years.

For the fiscal year ended March 31, 2016, we recognized $83 million of income tax benefit from the exercise of stock-based compensation, net of $3 million of deferred tax write-offs; of this amount $86 million of excess tax benefit related to stock-based compensation deductions was reported in the financing activities on our Consolidated Statements of Cash Flows. For fiscal years ended fiscal years ended 2015 and 2014, we recognized $22 million and $13 million, respectively, of excess tax benefit from stock-based compensation deductions; this amount is reported in the financing activities on our Consolidated Statement of Cash Flows.

Summary of Plans and Plan Activity

Equity Incentive Plans

Our 2000 Equity Incentive Plan, as amended, (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.

A total of 15.2 million options or 10.7 million restricted stock units were available for grant under our Equity Plan as of March 31, 2016.

Stock Options

Options granted under the Equity Plan generally expire ten years from the date of grant and generally vest according to one of the following schedules:

- 35 month vesting with ⅓ cliff vesting after 11, 23 and 35 months or;
- 50 month vesting with 24% of the shares cliff vesting after 12 months and the ratably over the following 38 months.

The following table summarizes our stock option activity for the fiscal year ended March 31, 2016:

	Options (in thousands)	Weighted-Average Exercise Prices	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in millions)
Outstanding as of March 31, 2015	4,920	$37.44		
Granted	6	66.08		
Exercised	(1,594)	42.43		
Forfeited, cancelled or expired	(54)	35.61		
Outstanding as of March 31, 2016	3,278	$35.09	5.61	$101
Vested and expected to vest	3,163	$35.22	5.53	$ 97
Exercisable as of March 31, 2016	2,206	$36.55	4.46	$ 65

The aggregate intrinsic value represents the total pre-tax intrinsic value based on our closing stock price as of March 31, 2016, 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 2015 and 2014 were $12.01 and $8.61, respectively. The total intrinsic values of stock options exercised during fiscal years 2016, 2015, and 2014 were $38 million, $22 million and $16 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, 2016:

	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-$23.83	317	3.39	$19.10	0.1%	313	$19.18	0.1%
26.25-26.25	1,000	7.58	26.25	0.3%	580	26.25	0.2%
27.49-35.70	853	8.21	35.50	0.3%	343	35.21	0.1%
36.00-59.63	1,108	2.47	47.33	0.4%	970	48.78	0.3%
$11.53-$59.63	3,278	5.61	$35.09	1.1%	2,206	$36.55	0.7%

Potential dilution is computed by dividing the options in the related range of exercise prices by 301 million shares of common stock, which were issued and outstanding as of March 31, 2016.

Restricted Stock Rights

We grant restricted stock rights under our Equity Plan to employees worldwide. Restricted stock units are unfunded, unsecured rights to receive common stock upon the satisfaction of certain vesting criteria. Upon vesting, a number of shares of common stock equivalent the number of restricted stock units is typically issued net of required tax withholding requirements, 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 through each applicable vest date. 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:

- One-year vesting with 100% cliff vesting at the end of one year;
- 35 month vesting with ⅓ cliff vesting after 11, 23 and 35 months;
- 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;
- Three-year vesting with ½ cliff vesting after 18 and 36 months;
- Three-year vesting with ⅔ and ⅓ vesting cliff vesting after 24 and 36 months;
- Three-year vesting with ¼, 7⁄20, ⅕, and ⅕ of the shares cliff vesting respectively at the end of each of the first 6 months, 1st, 2nd, and 3rd years;
- 40 month vesting with ⅓ cliff vesting after 16, 28, and 40 months;
- 41 month vesting with ⅓ cliff vesting after 17, 29 and 41 months;
- Four-year vesting with ¼ cliff vesting at the end of each year;
- 51 month vesting with ⅒, 3⁄10, 3⁄10, 3⁄10 of the shares cliff vesting respectively after 15, 27, 39 and 51 months or;
- Five-year vesting with ⅑, 2⁄9, 3⁄9, 2⁄9 and ⅑ of the shares cliff vesting respectively at the end of each of the 1st, 2nd, 3rd, 4th, and 5th years.

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 market-based restricted stock unit activity which is discussed below, for the fiscal year ended March 31, 2016:

	Restricted Stock Rights (in thousands)	Weighted-Average Grant Date Fair Values
Balance as of March 31, 2015	10,855	$26.20
Granted	3,035	64.40
Vested	(5,809)	22.65
Forfeited or cancelled	(924)	35.78
Balance as of March 31, 2016	7,157	$44.04

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 2016, 2015, and 2014 were $64.40, $37.22 and $23.01 respectively. The fair values of restricted stock rights that vested during fiscal years 2016, 2015, and 2014 were $372 million, $209 million and $163 million, respectively.

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 market-based 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 market-based restricted 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 one-year, two-year cumulative and three-year cumulative period. In the table below, we present shares

granted at 100 percent of target of the number of market-based restricted stock units that may potentially vest. The maximum number of shares of common stock that could vest is approximately 0.8 million for market-based restricted stock units granted during the fiscal year 2016. As of March 31, 2016, the maximum number of shares that could vest is approximately 1.3 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, 2016:

	Market-Based Restricted Stock Units (in thousands)	Weighted-Average Grant Date Fair Value
Balance as of March 31, 2015	663	$31.82
Granted	395	79.81
Vested	(742)	25.77
Vested above target	371	25.77
Forfeited or cancelled	(51)	40.10
Balance as of March 31, 2016	636	$64.49

The weighted-average grant date fair values of market-based restricted stock units granted during fiscal years 2016, 2015, and 2014 were $79.81, $48.14, and $30.18, respectively. The fair values of market-based restricted stock units that vested during fiscal years 2016, 2015, and 2014 were $47 million, $23 million, and $7 million, respectively.

ESPP

Pursuant to our ESPP, eligible employees may authorize payroll deductions of between 2 percent and 10 percent of their compensation to purchase shares of common stock at 85 percent of the lower of the market price of our common stock on the date of commencement of the applicable offering period or on the last day of each six-month purchase period.

During fiscal year 2016, we issued approximately 0.9 million shares under the ESPP with purchase prices ranging from $32.16 to $54.78. During fiscal year 2015, we issued approximately 1.4 million shares under the ESPP with exercise prices for purchase rights ranging from $22.64 to $32.16. During fiscal year 2014, we issued approximately 2.2 million shares under the ESPP with exercise prices for purchase rights ranging from $11.33 to $22.64. During fiscal years 2016, 2015, and 2014, the estimated weighted-average fair values of purchase rights were $12.97, $8.26 and $4.67, respectively. The fair values were estimated on the date of grant using the Black-Scholes valuation model. We issue new common stock out of the ESPP's pool of authorized shares. As of March 31, 2016, 5.2 million shares were available for grant under our ESPP.

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 of section 401(a) of the Internal Revenue Code. The DCP permits the deferral of the annual base salary and/or director cash compensation 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 $8 million and $9 million as of March 31, 2016 and 2015, respectively. As of March 31, 2016 and 2015, $8 million and $9 million were recorded, respectively, to recognize undistributed deferred compensation due to employees.

401(k) Plan, Registered Retirement Savings Plan and ITP Plan

We have a 401(k) plan covering substantially all of our U.S. employees, a Registered Retirement Savings Plan covering substantially all of our Canadian employees, and an ITP pension plan covering substantially all our Swedish employees. These plans permit us to make discretionary contributions to employees' accounts based on our financial performance. We contributed an aggregate of $27 million, $27 million and $16 million to these plans in fiscal years 2016, 2015, and 2014, respectively.

Stock Repurchase Program

In May 2014, a special committee of our Board of Directors, on behalf of the full Board of Directors, authorized a two-year program to repurchase up to $750 million of our common stock. Since inception, we repurchased approximately 9.2 million shares for approximately $394 million under this program.

In May 2015, our Board of Directors authorized a program to repurchase up to $1 billion of our common stock. This stock repurchase program, which expires on May 31, 2017, supersedes and replaces the stock repurchase authorization approved in May 2014. 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 repurchased approximately 6.9 million shares for approximately $461 million under this program during fiscal year 2016. We continue to actively repurchase shares.

In February 2016, we announced a new $500 million stock repurchase program. This new program was incremental to the existing two-year $1 billion stock repurchase program announced in May 2015. We completed repurchases under the February 2016 program during the quarter ended March 31, 2016. We repurchased approximately 7.8 million shares for approximately $500 million under this new program.

The following table summarizes total shares repurchased during fiscal years 2016 and 2015:

	May 2014 Program		May 2015 Program		February 2016 Program		Total	
(In millions)	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount
Fiscal Year 2015	8.2	$337	—	$ —	—	$ —	8.2	$ 337
Fiscal Year 2016	1.0	$ 57	6.9	$461	7.8	$500	15.7	$1,018

During fiscal year 2014, we did not repurchase any shares of our common stock.

(16) INTEREST AND OTHER INCOME (EXPENSE), NET

Interest and other income (expense), net, for the fiscal years ended March 31, 2016, 2015 and 2014 consisted of (in millions):

	Year Ended March 31,		
	2016	2015	2014
Loss on conversion of Convertible Notes	$(10)	$ —	$ —
Interest expense	(28)	(31)	(30)
Interest income	15	10	5
Net gain (loss) on foreign currency transactions	(14)	(62)	4
Net gain (loss) on foreign currency forward contracts	15	59	(5)
Other income, net	1	1	—
Interest and other income (expense), net	$(21)	$(23)	$(26)

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(17) EARNINGS 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.

	Year Ended March 31,		
(In millions, except per share amounts)	2016	2015	2014
Net income	$1,156	$ 875	$ 8
Shares used to compute earnings per share:			
Weighted-average common stock outstanding — basic	310	311	308
Dilutive potential common shares related to stock award plans and from assumed exercise of stock options	6	9	8
Dilutive potential common shares related to the Convertible Notes	6	4	—
Dilutive potential common shares related to the Warrants	8	1	—
Weighted-average common stock outstanding — diluted	330	325	316
Earnings per share:			
Basic	$ 3.73	$2.81	$0.03
Diluted	$ 3.50	$2.69	$0.03

For the fiscal year ended March 31, 2016, an immaterial amount of options to purchase, restricted stock units and restricted stock to be released were excluded from the treasury stock method computation of diluted shares as their inclusion would have had an antidilutive effect.

For the fiscal years ended March 31, 2015 and 2014, stock options to purchase, restricted stock units and restricted stock to be released in the amount of 3 million shares and 4 million shares, respectively, were excluded from the treasury stock method computation of diluted shares as their inclusion would have had an antidilutive effect.

For the fiscal year ended March 31, 2014, potentially dilutive shares of common stock related to our 0.75% Convertible Senior Notes due 2016 issued during the fiscal year 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 as their inclusion would have had an antidilutive effect resulting from the conversion price. The associated Convertible Note Hedge was excluded from the computation of diluted shares as the impact is always considered antidilutive. 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. 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, 2016, 2015 and 2014 (in millions):

	Year Ended March 31,		
	2016	2015	2014
Segment:			
Net revenue before revenue deferral	$ 4,566	$ 4,319	$ 4,021
Depreciation	(119)	(126)	(126)
Other expenses	(3,147)	(3,117)	(3,178)
Segment operating profit	1,300	1,076	717
Reconciliation to consolidated operating income:			
Other:			
Revenue deferral	(3,783)	(3,536)	(3,350)
Recognition of revenue deferral	3,613	3,732	2,904
Amortization of intangibles	(54)	(66)	(76)
Acquisition-related contingent consideration	—	3	35
Restructuring and other charges	—	—	1
Stock-based compensation	(178)	(144)	(150)
Loss on licensed intellectual property commitment		(122)	—
Other expenses	—	5	(48)
Consolidated operating income	$ 898	$ 948	$ 33

Our segment profit differs from consolidated operating income primarily due to the exclusion of (1) the deferral of 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.

Net revenue before revenue deferral is used internally to evaluate our operating performance, when planning, forecasting and analyzing future periods, and when assessing the performance of our management team. Net revenue before revenue deferral excludes the impact of revenue deferral and the recognition of revenue deferral on net revenue related to sales of online-enabled games and content.

Revenue deferral generally relates to sales of online-enabled games and content for which we do not have VSOE for unspecified updates to be delivered after the initial sale or for which we have a continuing service obligation. 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 and service obligations are to be provided, and (3) the timing of the sale. Our sales are generally deferred and recognized 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 delivered games and content, and therefore, the related revenue recognized during any fiscal quarter is primarily due to sales that occurred during the preceding six-month period for digitally delivered games and content, and the preceding nine-month period for physical games sold through retail.

Information about our total net revenue by revenue composition and by platform for the fiscal years ended March 31, 2016, 2015 and 2014 is presented below (in millions):

	Year Ended March 31,		
	2016	2015	2014
Packaged goods and other	$1,987	$2,316	$1,742
Digital	2,409	2,199	1,833
Net revenue	$4,396	$4,515	$3,575

Packaged goods 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, (2) our software licensing revenue from third parties (for example, makers of console platforms, personal computers or computer accessories) who include certain of our products for sale with their products ("OEM bundles"), and (3) sales through our Switzerland distribution business. Other revenue includes our non-software licensing revenue.

Digital revenue includes full-game downloads, extra content, subscriptions, advertising and other, and mobile revenue. Digital revenue 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.

	Year Ended March 31,		
	2016	2015	2014
Platform net revenue			
Xbox One, PlayStation 4	$2,183	$1,505	$ 196
Xbox 360, PlayStation 3	752	1,485	1,779
Other consoles	7	21	30
Total consoles	2,942	3,011	2,005
PC / Browser	814	878	1,020
Mobile	548	504	400
Other	92	122	150
Net revenue	$4,396	$4,515	$3,575

Information about our operations in North America and internationally as of and for the fiscal years ended March 31, 2016, 2015 and 2014 is presented below (in millions):

	Year Ended March 31,		
	2016	2015	2014
Net revenue from unaffiliated customers			
North America	$1,907	$1,956	$1,510
International	2,489	2,559	2,065
Total	$4,396	$4,515	$3,575

	As of March 31,	
	2016	2015
Long-lived assets		
North America	$1,727	$1,809
International	479	474
Total	$2,206	$2,283

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 2016, 2015, and 2014 represents $1,643 million, $1,462 million and $1,171 million or 37 percent, 32 percent and 33 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.

In fiscal year 2016, our direct sales to Sony and Microsoft represented approximately 16 percent and 14 percent of total net revenue, respectively. In fiscal year 2015, our direct sales to Microsoft represented approximately 10 percent of total net revenue. Our direct sales to GameStop Corp. represented approximately 11 percent, and 13 percent of total net revenue in fiscal years 2015 and 2014, respectively.

(19) QUARTERLY FINANCIAL AND MARKET INFORMATION (UNAUDITED)

	Quarter Ended				Year
(In millions, except per share data)	June 30	September 30	December 31	March 31	Ended
Fiscal 2016 Consolidated					
Net revenue	$1,203	$ 815	$1,070	$1,308	$4,396
Gross profit	1,030	406	524	1,082	3,042
Operating income (loss)	512	(119)	(31)	536	898
Net income (loss)	442	(140)	(45)	899[a]	1,156
Common Stock					
Earnings (loss) per share — Basic	$ 1.42	$ (0.45)	$ (0.14)	$ 2.93	$ 3.73
Earnings (loss) per share — Diluted	$ 1.32	$ (0.45)	$ (0.14)	$ 2.79	$ 3.50
Common stock price per share					
High	$68.00	$75.16	$76.77	$70.83	$76.77
Low	$56.03	$63.43	$65.04	$55.50	$55.50
Fiscal 2015 Consolidated					
Net revenue	$1,214	$ 990	$1,126	$1,185	$4,515
Gross profit	847	563	725	951	3,086
Operating income	362	24	162	400	948
Net income	335	3	142	395	875
Common Stock					
Earnings per share — Basic	$ 1.07	$ 0.01	$ 0.46	$ 1.27	$ 2.81
Earnings per share — Diluted	$ 1.04	$ 0.01	$ 0.44	$ 1.19	$ 2.69
Common stock price per share					
High	$37.15	$38.42	$48.33	$58.24	$58.24
Low	$26.67	$33.31	$32.62	$45.96	$26.67

[a] Net income includes an income tax benefit recorded in the fourth quarter of fiscal year 2016 for the reversal of a significant portion of our deferred tax valuation allowance.

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 April 2, 2016 and March 28, 2015, 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 April 2, 2016. In connection with our audits of the consolidated financial statements, we also have audited the related financial statement schedule. We also have audited the Company's internal control over financial reporting as of April 2, 2016, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these consolidated financial statements and financial statement schedule, 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 consolidated financial statements and financial statement schedule and an opinion on the Company's internal control over financial reporting, 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the consolidated financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting 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 audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

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, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Electronic Arts Inc. and subsidiaries as of April 2, 2016 and March 28, 2015, and the results of their operations and their cash flows for each of the years in the three-year period ended April 2, 2016, in conformity with U.S. generally accepted accounting principles, and 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. Also in our opinion, Electronic Arts Inc. maintained, in all material respects, effective internal control over financial reporting as of April 2, 2016, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

/s/ KPMG LLP

Santa Clara, California
May 26, 2016

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 (2013),* 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 81.

Changes in Internal Control over Financial Reporting

There has been no change in our internal controls over financial reporting identified in connection with our evaluation that occurred during the fiscal quarter ended March 31, 2016 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 2016 Proxy under the heading "Board of Directors & Corporate Governance." 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 2016 Proxy, under the headings "Compensation of Directors," "Compensation Discussion and Analysis," "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 2016 Proxy under the headings "Equity Compensation Plan Information" and "Security Ownership of Certain Beneficial Owners and Management."

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 2016 Proxy under the headings "Director Independence," 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 2016 Proxy under the subheading "Fees of Independent Auditors."

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 42 of this report.

2. Financial Statement Schedule: See Schedule II on Page 85 of this report.

3. Exhibits: The exhibits listed in the accompanying index to exhibits on Page 86 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 26, 2016

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 26th of May 2016.

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 (Principal Accounting Officer)
Directors:	
/s/ Lawrence F. Probst III Lawrence F. Probst III	Chairman of the Board
/s/ Leonard S. Coleman Leonard S. Coleman	Director
/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/ Denise F. Warren Denise F. Warren	Director
/s/ Andrew Wilson Andrew Wilson	Director

ELECTRONIC ARTS INC. AND SUBSIDIARIES

SCHEDULE II

VALUATION AND QUALIFYING ACCOUNTS

Years Ended March 31, 2016, 2015 and 2014
(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, 2016	$140	269	11	(261)	$159
Year Ended March 31, 2015	$186	361	(66)	(341)	$140
Year Ended March 31, 2014	$200	321	37	(372)	$186

(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.

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ELECTRONIC ARTS INC.

2016 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	5/23/2016	
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 Electronic Arts Inc. and U.S. Bank National Association, as trustee	8-K	000-17948	7/20/2011	
4.03	Indenture, dated as of February 24, 2016 by and between Electronic Arts Inc. and U.S. Bank National Association, as trustee	8-K	000-17948	2/24/2016	
4.04	First Supplemental Indenture (including form of Notes) with respect to EA's 3.700% Senior Notes due 2021 and 4.800% Senior Notes due 2026, dated as of February 24, 2016 by and between Electronic Arts Inc. and U.S. Bank National Association, as trustee	8-K	000-17948	2/24/2016	
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 Inc. Deferred Compensation Plan	10-Q	000-17948	8/6/2007	
10.04*	Electronic Arts Inc. 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	8-K	000-17948	5/22/2015	
10.07*	EA Bonus Plan Fiscal Year 2016 Addendum	8-K	000-17948	5/22/2015	
10.08*	Form of 2014 Performance-Based Restricted Stock Unit Agreement	10-K	000-17948	5/21/2014	
10.09*	Form of 2015 Performance-Based Restricted Stock Unit Agreement	8-K	000-17948	5/22/2015	
10.10*	Form of 2016 Performance-Based Restricted Stock Unit Agreement	8-K	000-17948	5/23/2016	
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	

Number	Exhibit Title	Incorporated by Reference			Filed Herewith
		Form	File No.	Filing Date	
10.15*	Offer Letter for Employment at Electronic Arts Inc. to Ken Moss, dated June 6, 2014	10-Q	000-17948	8/5/2014	
10.16*	Offer Letter for Employment at Electronic Arts Inc. to Chris Bruzzo, dated July 21, 2014	10-Q	000-17948	11/4/2014	
10.17*	Employment Agreement for Patrick Söderlund, dated September 17, 2013	10-Q	000-17948	11/5/2013	
10.18*	Transition Agreement for Lucy Bradshaw, dated September 22, 2015	10-Q	000-17948	11/10/2015	
10.19	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	
10.20	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	
10.21	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	
10.22	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	
10.23	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.	10-K	000-17948	5/21/2014	
10.24**	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	
10.25**	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	
10.26**	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	

Number	Exhibit Title	Incorporated by Reference Form	File No.	Filing Date	Filed Herewith
10.27**	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	
10.28**	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	
10.29**	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	10-K	000-17948	5/21/2014	
10.30	Form of Call Option Agreement dated as of July 14, 2011 between EA and each Option Counterparty	8-K	000-17948	7/20/2011	
10.31	Form of Warrant Agreement dated July 14, 2011 between EA and each Option Counterparty	8-K	000-17948	7/20/2011	
10.32	Form of Additional Call Option Agreement dated July 18, 2011 between EA and each Option Counterparty	8-K	000-17948	7/20/2011	
10.33	Form of Additional Warrant Agreement dated as of July 18, 2011 between EA and each Option Counterparty	8-K	000-17948	7/20/2011	
10.34	Credit Agreement, dated March 19, 2015, 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	3/20/2015	
12.1	Ratio of Earnings to Fixed Charges				X
21.1	Subsidiaries of the Registrant				X
23.1	Consent of KPMG LLP, Independent Registered Public Accounting Firm				X
31.1	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
31.2	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:					
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				X
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				X
101.INS†	XBRL Instance Document				X

Number	Exhibit Title	Incorporated by Reference			Filed Herewith
		Form	File No.	Filing Date	
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.

† Attached as Exhibit 101 to this Annual Report on Form 10-K for the year ended March 31, 2016 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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