

ELECTRONIC ARTS INC.
 Form 10-Q
 February 04, 2015
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UNITED STATES
 SECURITIES AND EXCHANGE COMMISSION
 WASHINGTON, D.C. 20549
 FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
 For the Quarterly Period Ended December 31, 2014
 OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
 For the Transition Period from _____ to _____
 Commission File No. 000-17948
 ELECTRONIC ARTS INC.
 (Exact name of registrant as specified in its charter)

Delaware 94-2838567
 (State or other jurisdiction of (I.R.S. Employer
 incorporation or organization) Identification No.)

209 Redwood Shores Parkway 94065
 Redwood City, California
 (Address of principal executive offices) (Zip Code)
 (650) 628-1500
 (Registrant's telephone number, including area code)

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 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	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer (Do not check if a smaller reporting company)	<input checked="" type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>

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

As of January 30, 2015, there were 310,035,894 shares of the Registrant's Common Stock, par value \$0.01 per share, outstanding.

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 FOR THE PERIOD ENDED DECEMBER 31, 2014
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PART I – FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements (Unaudited)

ELECTRONIC ARTS INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)	December 31, 2014	March 31, 2014 (a)
(In millions, except par value data)		
ASSETS		
Current assets:		
Cash and cash equivalents	\$2,166	\$1,782
Short-term investments	774	583
Receivables, net of allowances of \$189 and \$186, respectively	488	327
Inventories	39	56
Deferred income taxes, net	57	74
Other current assets	230	316
Total current assets	3,754	3,138
Property and equipment, net	461	510
Goodwill	1,718	1,723
Acquisition-related intangibles, net	127	177
Deferred income taxes, net	6	28
Other assets	101	140
TOTAL ASSETS	\$6,167	\$5,716
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$77	\$119
Accrued and other current liabilities	813	781
Deferred net revenue (online-enabled games)	1,583	1,490
0.75% convertible senior notes due 2016, net	596	—
Total current liabilities	3,069	2,390
0.75% convertible senior notes due 2016, net	—	580
Income tax obligations	88	189
Deferred income taxes, net	85	18
Other liabilities	201	117
Total liabilities	3,443	3,294
Commitments and contingencies (See Note 13)		
0.75% convertible senior notes due 2016 (See Note 12)	37	—
Stockholders' equity:		
Preferred stock, \$0.01 par value. 10 shares authorized	—	—
Common stock, \$0.01 par value. 1,000 shares authorized; 310 and 311 shares issued and outstanding, respectively	3	3
Paid-in capital	2,152	2,353
Retained earnings	509	29
Accumulated other comprehensive income	23	37
Total stockholders' equity	2,687	2,422
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$6,167	\$5,716

See accompanying Notes to Condensed Consolidated Financial Statements (unaudited).

(a) Derived from audited consolidated financial statements.

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CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited) (In millions, except per share data)	Three Months Ended December 31,		Nine Months Ended December 31,	
	2014	2013	2014	2013
Net revenue:				
Product	\$606	\$485	\$1,899	\$1,378
Service and other	520	323	1,431	1,074
Total net revenue	1,126	808	3,330	2,452
Cost of revenue:				
Product	300	438	899	909
Service and other	101	79	296	215
Total cost of revenue	401	517	1,195	1,124
Gross profit	725	291	2,135	1,328
Operating expenses:				
Research and development	283	275	809	836
Marketing and sales	169	214	482	525
General and administrative	107	91	287	305
Acquisition-related contingent consideration	—	—		